A THESIS
ON

INTER STATE DISPARITIES UNDER ECONOMIC REFORM PERIOD – COMPARATIVE STUDY OF GUJARAT, MAHARASHTRA, RAJASTHAN AND MADHYA PRADESH

TO BE SUBMITTED TO
THE SAURASHTRA UNIVERSITY
FOR
THE DEGREE OF
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IN
ECONOMICS
FACULTY OF ARTS

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STATEMENT NO. 1

CERTIFICATE

I here by declare that the research work undertaken by me on the title "Inter State Disparities under Economic Reform Period – Comparative Study of Gujarat, Maharashtra, Rajasthan and Madhya Pradesh" is based on the secondary data and that it is my own work. I have not submitted such work previously to this University or other University for any other degree or diploma.

Place : RAJKOT.

Date : 29/04/2004.

Name and Signature of Researcher,
(Sukhanandi Praful Kumar Amrutlal)

STATEMENT NO. 2

CERTIFICATE

This is to certify that the research work undertaken by ***Sukhanandi P. A.*** *on,* ***"Inter State Disparities under Economic Reform Period – Comparative Study of Gujarat, Maharashtra, Rajasthan and Madhya Pradesh"*** *is his own work. To the best of my knowledge he has not submitted such work previously to this or any other University for any other degree or diploma.*

Place : RAJKOT.

Date : 29/04/2004.

Name and Signature of Guide
(Dr. T. R. Hathi)

Acknoledgement

Pursuit for progress is endless. It demands patience and perseverance, for which I owe to Almighty Lord.

I cannot but forget the loving care of my mother and of course positive guidance with full warmth from my father whom I am missing today at a very important stage of my life.

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I N D E X

T A B L E – I N D E X

C H A R T – I N D E X

"Over the age is the first generation since the down of history in which mankind dared believe it practiced to make the benefit of civilization available to the whole human race."

– Arnold Toynbee

CHAPTER - 1

CHAPTER – 1

The Concept – An Overview

1.1 Introduction:

The study of economic development has attracted the attention of economist right from Adam Smith down to Marks and Keynes. They were mainly interested in the problems, which were essentially static in nature and largely related to a Western European framework of social and cultural institutions. It is however, in the forties of the last century and especially after Second World War that economists started devoting their attention toward analysing the problems of underdeveloped countries. Their interest in the economics of development has been further stimulated by the wave of political resurgence that swept the Asian and African nations after the Second World War. The desire on the part of new leaders in these countries to promote rapid economic development coupled with the realization on the part of the developed nations that '*poverty anywhere is a threat to prosperity everywhere*', has aroused further interest in the subject.

But the interest of wealthy nations in removing widespread poverty of the underdeveloped countries has not been aroused by any humanitarian motive. The most cogent reason for aiding the underdeveloped countries has been the cold war between Russia and the West. Each tries to enlist the support and loyalty of underdeveloped countries by promoting larger aid than the other.

However, a study of the *Poverty of Nations* and the methods of removing poverty cannot be based on the experience of the rich nations. For 'in advanced countries there has been a tendency to take economic development for granted – as something that takes care of itself and to concentrate on the short-term oscillations of the economy. *Therefore, Myrdal says that the underdeveloped countries should not accept our inherited economic theory uncritically but remould it to fit their own problems and interests.*

1.1.1 Economic Development and Economic Growth:

Generally speaking, economic development refers to the problems of underdeveloped countries and economic growth to those of developed countries. Maddison makes the distinction between two terms in this sense when he writes: "*The rising of income level is generally called economic growth in rich countries and in poor ones it is called economic development.*" But this view does not specify the underlying forces, which raise the income levels in the two types of economies.

In fact, the terms 'development' and 'growth' have nothing to do with the type of economy. Schumpeter relates the distinction between the two to the nature and causes when he defines development as a discontinuous and spontaneous change in the stationary state which forever alters and displaces the equilibrium state previously existing; while growth is a gradual and steady change in the long run which comes about by a gradual increase in the rate of savings and population. This view of Schumpeter has been widely accepted and elaborated by the majority of economists. According to Kindleberger, "*Economic growth means more output, while economic development implies both more output and changes in the technical and institutional arrangements by which it is produced and distributed.*" Friedmann defines *growth as an expansion of the system in one or more dimensions without a change in its structure, and development as an innovative process leading to the structural transformation of social systems.*

Thus economic growth is related to a quantitative sustained increase in the country's per capita output or income accompanied by expansion in its labour force, consumption, capital, and volume of trade. On the other hand, economic development is a wider term. The concept of development is not merely quantitative but it is qualitative also. In the qualitative aspects it coincides with the welfare objectives. Thus it is not enough to see what is produced but we have also to see how it is produced and distributed. It is related to qualitative changes in economic wants, goods, incentives, and institutions. It describes the underlying

determinants of growth such as technological and structural changes. Development embraces both growth and decline. *An economy can grow but it may not develop because poverty, unemployment and inequality may continue to persist due to the absence of technological and structural changes. But it is difficult to imagine development without economic growth in the absence of an increase in output per capita, particularly when population is growing rapidly.*

1.1.2 Measurement of Economic Development:

Economic development is measured in four ways:

I. GNP:

One of the methods to measure economic development is in terms of an increase in economy's real national income over a long period of time. "*Real National Income*" refers to the country's total output of final goods and services in real term rather than in money term. Thus price changes will have to be rules out while calculating real national income. In this measure the phrase "*over a long period of time*" implies a sustained increase in real income. A short period rise in national income, which occurs during the upswing of the business cycle, does not constitute economic development.

This measure does not take in to consideration changes in the growth of population. If a rise in national income accompanied by a faster growth in population, there will be no growth but retardation. The GNP figure also does not reveal the costs to society of environmental pollution, urbanisation, industrialisation and population growth. *Further it tells us nothing about the distribution of income in the economy.* There are many conceptual difficulties in the measurement of national income – mainly conversion of 'material product' to the national income and computation of non-marketed goods and services are extremely difficult.

Moreover, development strategies which aim at rapid industrialisation with urbanisation at cost of rural and agricultural development creates problems of

poverty, unemployment and uneven distribution of income in the economy of developing countries, have been given secondary importance. It is thought that with increase in GNP such problems will automatically solved in long run. *But as a matter of fact, experience in the underdeveloped countries during the three Development Decades has shown that the increase in GNP has accentuated the problem of poverty, unemployment and inequalities*. Therefore, GNP cannot be regarded as a perfect indicator of economic development.

II. GNP Per Capita:

The second measure relates to an increase in the *per capita real income* of the economy over the long period. Economists are one in defining economic development in terms of an increase in per capita real income or output. This indicator emphasizes that for economic development the rate of increase in real income should be higher than the growth rate of population. But *difficulties* still remain.

An increase in per capita income may not raise the real standard of living of the masses. It is possible that while per capita real income is increasing, per capita consumption might be falling. *There is another possibility of the masses remaining poor despite an increase in the real national income if the increased income goes to the few rich instead of going to the many poor*. Moreover, such a measure subordinates other questions regarding *"the structure of the society, the size and composition of its population, its institutions and culture, the resources pattern and even distribution of output among the society's members."*

III. Welfare:

There is also a tendency to measure economic development from the point of view of *economic welfare*. According to Okun and Richardson, economic development is "a sustained, secular improvement in material well being,

which we may consider to be reflected in an increasing flow of goods and services.

This indicator is also not free from *limitations*. We cannot equate an increase in output per head with an increase in economic welfare. To specify an optimum rate of development we must make value judgments regarding income distribution, composition of output, tastes and preferences of individuals, real cost and other particular changes that are associated with the overall increase in the real income. There are many limitations associated with the process of weighting all these variables.

IV. Social Indicators:

Dissatisfied with GNP or GNP per capita as the measure of economic development, certain economists have tried to measure economic development in terms of "*social indicators.*" These include health, food and nutrition, education including literacy and skills, employment, conditions of work, consumptions of basic necessities, transportation, housing including household facilities, clothing, recreation and entertainments, social security, etc. All these indicators emphasize on the quality of development process.

But problems arise in constructing a common index of development relating to these social indicators. There is no unanimity among economists as to the number and type of items to be included in such an index. For instance, Hagen, and UNRISD use eleven to eighteen items with hardly a few common. On the other hand, Morris D. Morris uses only three items, i.e., life expectancy at birth, infant mortality, and literacy rate in constructing a "Physical Quality of Life Index." Another problem is of assigning weights to the various items, which may depend upon the social, economic and political set-up of the country. This involves subjectivity. If each country chooses its own list of social indicators and assigns weights to them, their international comparisons would be as inaccurate as GNP figures. Moreover, social indicators are concerned with current welfare and are not related to the future.

Further the majority of indicators are inputs and not outputs, such as education, health, etc. Lastly, they involve value judgements. Therefore, in order to avoid value judgements and for the sake of simplicity, economists and UN organisations use GNP per capita as the measure of economic development.

1.1.3 "Development" and "Underdevelopment":

The difference between the two world/word is illustrated simply by Malcolm Gillis in his book "*Economics of Development*". He explains through the case of two farmers. One is the farmer from Georgia of USA where in he receives the price above the world market because of government support programme, well-organised market, and research applications along with visionary approach. On the other hand a farmer of Senegal of West Africa produces a little, much below the average and there fore receives also little. It is because of small size of farm, un-conducive government policy, less resources, poor vision etc.… Thus, the example provides a picture of disparity because of geography, income, standards of living, and economic social and political structure.

Underdevelopment can be defined in many ways: by the incidence of poverty, ignorance, or disease; by maldistribution of national income, by administrative competence, and by social disorganization. There is not a single definition, which is so comprehensive as to incorporate all the features of an underdeveloped country. Usually, criterions like the high ratio of population to land area, the low ratio of industrial output to total output, the low ratio of capital to per head of population, poverty and low per capita real income are used as the determinants of underdevelopment.

1.1.4 Obstacles to Economic Development:

The basic characteristics of underdeveloped countries can be regarded as the obstacles to economic development. The general characteristics of underdeveloped countries implicitly provide answer to the question '*why poor*

country is poor.' A number of these characteristics are both the cause and consequence of poverty. The following factors analysis the mutual causative relation ship that inhibits development.

I. Vicious Circle of Poverty:

There are the circular relationship known as '*Vicious Circles of Poverty*' that tend to perpetuate the low level of development in lower developed countries. The vicious circle stems from the fact that on lower developed countries total productivity is low due to deficiency of capital, market imperfections, economic backwardness and underdevelopment. The vicious circles operate both on the demand side and the supply side.

The demand side of vicious circle is that the low level of real income leads to a low level of demand which, in turn, leads to a low rate of investment and hence back to deficiency of capital, low productivity and low income. This is shown in Fig. 1.1. The supply side of vicious circle is that low productivity reflected in low real income. The low level of real income means low saving, which leads to a low investment and to deficiency of capital. The deficiency of capital, in turn, leads to a low level of productivity and back to low income. This is depicted in Fig. 1.2.

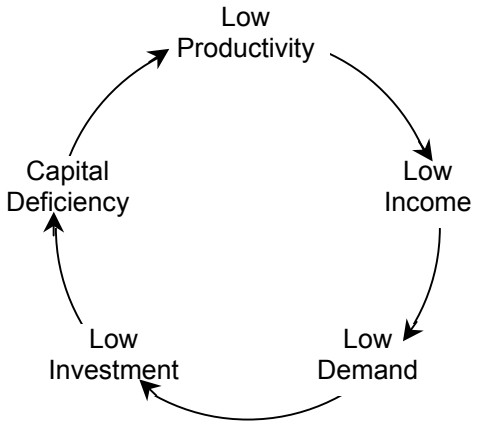

FIG. 1.1

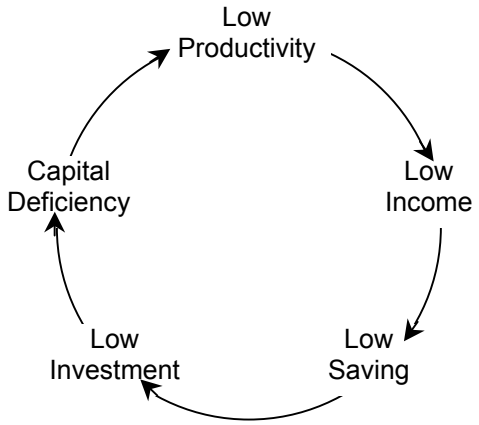

FIG. 1.2

The low level of real income, reflecting low investment and capital deficiency is the common feature of both the vicious circles.

A third vicious circle envelops underdeveloped human and natural resources. Development of natural resources is dependent upon the productivity of the people in the country. If the people are backward and illiterate, lack in technical skill, knowledge and entrepreneurial activity, the natural resources will tend to remain unutilized, under- utilized or even misutilized. On the other hand, people are economically backward in a country due to underdeveloped natural resources. Underdeveloped natural resources are, therefore, both a consequence and cause of the backward people. This is explained in Fig. 1.3.

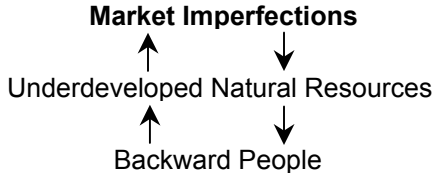

FIG. 1.3

"Poverty and underdevelopment of the economy are thus synonymous. A country is poor because it is underdeveloped. A country is underdeveloped because it is poor and remains underdeveloped, as it has not the necessary resources for promoting development. *Poverty is a curse but a greater curse is that it is self-perpetuating*."

II. Low Rate of Capital Formation:

The most pertinent obstacle to economic development is the shortage of capital. This stems from the vicious circles of poverty. In the underdeveloped country, the masses are poverty-ridden. They are mostly illiterate and unskilled, use outmoded capital equipment and methods of production. They practise subsistence farming and lack of mobility. Their marginal productivity is extremely low which, leads to low real income, low saving, low investment

and to a low capital formation. The consumption level is already so low that it is difficult to restrict it further to increase the capital stock.

It is the high-income group that does most of the saving in underdeveloped countries. But these savings are dissipated into real estate, gold, jewellery, commodity hoards and the hoards of foreign and domestic currency, money lending and speculation. *They do not flow into productive channels the reasons for the lack of incentives to save and invest in underdeveloped countries. These include imperfect maintenance of law and order, political instability, unsettled monetary conditions and lack of continuity in economic life. The other reasons, which inhibit investment, are sheer habit, the small extent of domestic market, the difficulties of securing funds for investment, and the entrepreneurial inability.*

In between the low-income and high-income groups, there is a small middle-income group. It is mostly engaged in well-established and less risk ventures, such as providing marketing and other services. This group, though not lacking in entrepreneurial ability, is reluctant to invest in manufacturing industries for the reasons, which are not far to seek. There is the difficulty of obtaining institutional finance, advanced technology, trained labour and management. Above all, the difficulties enumerated in the preceding para go together to inhibit the growth of capital in such countries.

III. Socio-cultural Constraints:

Social institutions are great obstacle to economic development of underdeveloped countries. Among these institutions cast system and joint family system are significant. Similar are the laws of inheritance. These systems restrict the mobility of labour and capital and encourage idleness and inefficiency, which are the real obstacles to economic development. As Nurkse has said: “Economic development has much to do with human endowments, social attitudes, political conditions and historical accidents. Capital is necessary but not a sufficient condition of progress.” Broadly

speaking, underdeveloped countries possess social institutions and display such attitudes as are not conducive to economic development. There are elements of social resistance to economic change in underdeveloped countries which include institutional factors characterized by '*rigid stratification of occupations*' reinforced by traditional beliefs, values and social attitudes. Family attitudes are responsible for population pressures and attachment to land. They also limit the range of individual freedom in making economic decisions, which in turn influence the motives to save and invest.

People are influenced by kinship or status as determined by cast, clan or creed. The administrators, managers, politicians and policy makers belong to the privileged and dominant classes of society. Since such persons do not have the best talents, they stand in the way of good government, clean administration, and in the efficient working of large-scale enterprises. They lead to nepotism, bribery, favouritism, and inefficient administration. Bad administration whether in private or public enterprise makes the economic development all the more difficult.

Oriental religions give less inducement to the virtues of thrift and hard work. As the people fatalists, they do not believe that progress is possible through human efforts and man is not helpless before the blind forces of fate. They do not favour modern technology and improved knowledge. Religious dogmas inhibit progress, for they prevent social, economic and political institutions to change in the way that is conducive to economic development. Law aspiration among the people is another factor that puts an obstacle to development. People do not want to work after they have obtained minimum level of income. Thus enterprise and aggressive business spirit are looked down upon. As Dr S. Radhakrishnan observed, "The qualities associated with the Eastern culture make for life and stability; those characteristics of West for progress and adventure."

IV. Agricultural Constraints:

Another obstacle relates to the agricultural sector. The majority of lower developed countries are predominantly agricultural. Agricultural production constitutes a large share of their GDP and agricultural commodities form a considerable part of the value of their total exports. Agricultural practices are controlled by custom and tradition. Farmers are fearful of science. They do not use improved seeds, fertilizers and insecticides. The behaviour of farmers acts as constraint on agricultural growth. Moreover, constraints are to be found in the environment in which farmers operates: the technology available to them, the incentives for production and investment, the availability and price of inputs, the provision of irrigation and the climate. As a result of the environmental factors, agricultural output fails to increase to meet the rising demand of the developing economy. Thus the poor performance of the agricultural sector is a major constraint on the sluggish economic growth of lower developed countries.

V. Foreign Exchange Constraints:

Economists like Myint, Prebisch, Singer, Lewis and Myrdal maintain that certain 'disequalising forces' have been operating in the world economy as a result of which the gains from trade have gone mainly to the developed countries leading to foreign exchange constraint.

The underdeveloped countries may have physical rise in their exports. But the progress of export sector has not been felt in other sectors of economy. Due to the unfavourable terms of trade, poor countries cannot gain much from the international trade. The underdeveloped countries are not able to adjust their exports according to the cyclical fluctuations in their price due to the inelastic nature of supply of their export goods, which are mainly agricultural and mineral products. As a result, they suffer from unfavourable balance of payment conditions. The effects of international factor movement have not been helpful for the poor countries and because of the market imperfections

the gains from the trade could not be distributed to the entire economy. Prof. Myrdal says that in poor countries international trade brings about more income inequalities. The favourable spread effects are less than the unfavourable backwash effects.

Thus, market imperfections prevent optimum allocation of resources, vicious circles and social institutes prevent structural changes, and international forces have not been optimal for the point of views of countries development. These factors strengthen one another and put obstacles to economic development.

1.2 Concept of Region:

The explicit interest of regional development economics was quite missing from the mainstream economic theory till early 1950s. But, during the mid-1950s and mid-1960s there had been much research concerned with the process and theorization of evidence of development in general and regional development in particular.

As mentioned earlier the process of economic development involves a significant change in the economic activities over different ***regions*** along with a change in the structure of the economy. Hence, before discussing the development of backward regions and regional disparities, it would be appropriate to understand the concept of region. Mid-1950s and early 1960s witnessed a systematic emergence of regional science, which encompassed several disciplines like economics, geography, sociology and political science. The initial debate was surrounded around the definition of 'region'. Perroux (1950) and Boudeville (1966) had carried a considerable amount of influence in this debate. Perroux defined region as an entity based on abstract economic relations. To him the region was not merely a geographical or a political division, but it was marked by the constituent structure of economic relations. He classified the economic space into three different categories, that is, economic space as defined by a *plan*, as a *field of forces* and as a *homogeneous aggregate*. In contrast to Perroux's non-geographical orientation is Boudeville's emphasis on the physical character of

space. He also maintains three types of economic spaces, i.e. *homogeneous*, *polarized*, and *programming*. The homogeneous space has uniform characteristics with respect to certain geographic parameters, usually a combination of spatial and economic aspects of a region. Programming space refer to administrative or political boundaries - a coherent relationship between the existing administrative and political set up and the policy decisions. Where as a polarized space is determined by degree of interdependence of different urban centers which are ranked in hierarchy of their functional role in the space. These early efforts to delimit the space can be grouped under three different categories, namely, homogeneity, nodality, and programming.

A careful examination of the above concepts reveals that they are not completely independent. In fact, some sort of inter-dependency is there. The programming regions do have homogeneity and also possess some nodal points. For policy purposes and for planning purposes it is the *polarization*, which appears to be more acceptable. An ideal 'region' is one with the following characteristics:

(i) Geographically, it should be a contiguous unit though it could be sub-divided into natural boundaries like plain, hilly track etc.

(ii) The people of the region should have social and cultural cohesion.

(iii) The region should be a separate unit for data collection and analysis.

(iv) The region should have an economic existence, which can be assessed from statistical record.

(v) It should be under one administrative agency.

(vi) It should have fairly homogeneous economic structure. It should be more or less homogeneous in topography also.

(vii) There should be common appreciation of local problems and common aspirations and approaches to their solution. It should permit and encourage competition but not rivalry.

If we examine the above characteristics, Administrative units, whether at the national level, state level, district level appears to satisfy most of the characteristics of a region. Thus for planning purposes administrative units should be considered as the region. These regions can be further be classified according to their sizes. Thus broadly there are three types of planning regions.

(I) Macro region

(II) Meso region, and

(III) Micro region

Macro-region is one that comprises of meso and micro regions and this may be as large as a country. This is suitable for national planning.

Meso regions (States) are smaller than a country or macro region and bigger than a micro region. Meso region may be as big as a state or a group of states and is fit for State level plan. Micro regions are the smallest in size and they may range from a group of talukas or a taluka to a group of districts and are suitable for spatial planning at local level.

We find several works undertaken to explain the process of regional development. Earlier work by Ohlin (1933) was based on export base analysis, followed by urban regional relationship by Chriataller (1933) and later by Loasch (1943). These were the works on the line of the problem of lagging regions during the late 1920s and mid 1930s.

Douglas North presented the first theorisation in 1955 through *the theory of long-term growth*. He advocated that the export base demand could initiate and provide booster to the process of development in a region. Other pioneering work is known of Myrdal (1957). In his work of cumulative causation he exposed in detail equalising effects and back-washed effects. He concluded that these forces are not sufficient and strong enough to bring about the spatial equity of development. Hirschman in 1958 concluded in his work that transmission of

growth could be viewed as a path of disequilibriated growth caused by forces of forward and backward linkages.

1.3 Regional Disparities – Conceptual Analysis:

Regional disparities refer to uneven growth of primary, secondary and tertiary sectors in a nation, state or district. Disparity is found common, irrespective of the level of development. Even within the developed nations, there is disparities and amidst poverty also. There prevail less poor and more poor groups. Apart from the level of development, disparity is visualised in respect of different sectors of economy also.

Balanced regional development implies an even growth of different regions to the extent of their development capabilities and needs. It does not mean exact equal development or equal level of, or uniform pattern of economic activities. It simply refers to the fullest development of the potentialities of an area according to its capacity so that the benefits of overall economic growth are shared by the inhabitants of all regions.

The concept of balanced regional development came into light with the vision of Stalin. During the Second World War it was more highlighted. Historically it is found that the advanced communities have been more conscious of balanced regional development. But the problem of disparity is found more prevalent and acute in underdeveloped countries. India is also not an exception to this fact.

There are various physical and socio-economic variables influencing the level and pattern of growth. There cannot be homogeneity of factors responsible for disparities in all countries. Broadly the factors affecting the disparities can be identified as geographical, historical, political, administrative, social, economical and others. These factors have combined effects on the level of disparities. There fore, study of balanced regional development cannot be discussed factors in isolation, but it demands integrated approach.

Balanced regional development is a subject of core attention for the planners and policy makers at global as well as national level. It is necessary to study and workout the measures for balanced regional development because, the unbalanced growth of regions results into many economic, social and political problems in a country. Before long time ILO Summit had aptly stated that "*Poverty any where is dangerous to prosperity every where*".

All governments are more or less interested in removal of or minimising the regional disparity. It is unanimously understood that the integrated development goals can be achieved only if balanced growth is materialised. There are some basic reasons for which concern for removal of disparity is found more amongst the nations.

The arguments put forward for balanced regional growth can be briefly explained as under:

A) **For Smooth Economic Development:** If regions were equally developed they would be mutually helpful to each other. It would avoid certain bottlenecks pertaining to infrastructure. Imbalance in any kind would retard the process of development.

B) **For Rapid Economic Development:** The space of development can get accelerated if the regions are alike in progress. Economic lag may also slow down the process of development in general.

C) **Conservation of Resources:** Ultimately development gets affected because of conservation of and effective utilisation of available natural resources. If balance is maintained in this regard, wastage would be minimised and fullest utilisation would harness the growth.

D) **For Promotion of Employment Opportunities:** Once the backward regions are set into the motion of development the scope for larger employment opportunities increased. It will result into an increase in per capita output and

domestic product. This would also restrict the negative effects of unemployment.

E) **For balancing the Sectoral Growth:** It is found that poor nations have more disparity within them. This is both the cause and consequence of access population. It results into heavy burden on agriculture for wants of other sectors. It is at this juncture that if regions are balanced, sectoral shift can be easier and quicker amounting to the growth in full.

F) **For Decentralised Growth:** Regional disparity encourages centralisation. Developed regions will be able to explore and attract new entrepreneurs, industries and institutions. While the backward areas would fail in this regard. Therefore, centralisation will grow. To avoid the evils of centralisation and there by to establish harmonious society balanced growth is necessary. Under the balanced growth the process of decentralisation will induce the process of empowerment.

G) **For Peace and Stability:** Knowingly or unknowingly the factors leading to imbalanced growth results into inferiority complex and discontent amongst the masses. That would influence the political stability, internal disputes emerging out of dissatisfaction generates political instability. Nation's integrity and unity can be maintained only if regional disparities in income and wealth can be minimised.

H) **To Avoid Global Terrorism:** Global harmony and peace is strongly challenged in the last quarter of the twentieth century. The most important factor for such crises is intense disparities growing between the nations of the world. National security and global human security is under strong pressures amounting to constant fear of terror can be gradually washed away, if the concept of balanced growth is translated.

1.4 Disparities at Global Level:

The study of the history of global development reflects wide fluctuations between the nations of the world and between the sectors of the economy. Though the world has entered into the arena of 21st century and limitless growth process is continuing, the impact that of over the growth process of different nations reveal distinct inequalities. According to the estimation of Kuznet only five countries (USA, UK, Switzerland, Canada and Netherlands) had attained an average annual per capita income of US$ 200 or slightly higher by 1850 (at 1952-54 prices). These five countries together accounted around 60 million people and some US 12 billion dollars (at 1952-54 prices) worth of output. The average of the whole of North America and Europe could not have been much higher than US$ 150. This difference cannot be regarded a major difference in consideration of the requirements of the than poor countries.

The world population is continuously increasing, the total output might have raised some 10 folds or slightly faster than 1 percent per decade, and growth rate of per capita output which doubled in the 18th century came about 4 percent per century. In general one finds the built-in steadiness of economic growth on the world scene mainly after 1850.

Globally, it can be said that disparities of various kind are to be viewed as the price paid by man for development gains. Initially, they were thought to be the result of differential location attributes and uneven distribution of resources, but later it was realised that human factors such as motivation, skill, and economic ability play more important role.

After 1962 the world in general is divided into three regions. The advanced capitalist group was then known as the developed world. The second was the, “Chino-Soviet block”. Countries, “in course of development were the Third World”. The China-USSR split occurred in early 1960s, most of the communist regimes collapsed around 1990, and the hostility of the cold war had largely faded way. To day the international institutions differentiate the world in form of,

"The North-South divide", where in most of the west countries are designated as the "Rich Powers" and the rest are considered as "Poor Power".

International scholar Angus Maddison, has tried to expose in detail the imbalances that prevailing at global level. It is found from the various reports also that on average, the "West" increased its income per head four fold from 1950 to 2001 – a growth rate of 2.8 percent a year. In the "Rest" of the world there was a three-fold increase – a growth rate of 2.2 percent. In both cases this was much better than earlier performance.

The disparity in relation to GDP Per Capita and population is summarised in the following form of Tables.

Table – 1.1
GDP per capita (1990 international $)

	1950	1962	1973	1990	2001	2015
Western Europe	4594	7512	11534	15988	19196	24226
Australia, Canada, NZ & US	9288	11537	16172	22356	27892	36400
Japan	1926	4778	11439	18789	20722	23472
"West"	5663	8466	13141	18798	22832	29156
Eastern Europe	2120	3250	4985	5437	5875	8886
Former USSR	2834	4130	6058	6871	4634	6450
Latin America	2554	3268	4531	5055	5815	7163
Asia (excluding Japan)	635	837	1231	2117	3219	5478
Africa	852	1038	1365	1385	1410	1620
"Rest"	1091	1478	2073	2707	3339	5101
World	2114	2921	4104	5154	6043	8100

Table – 1.2
Population (million)

	1950	1962	1973	1990	2001	2015
Western Europe	305	332	358	377	391	397
Australia, Canada, NZ & US	176	218	251	298	333	369
Japan	84	96	109	124	127	126
"West"	565	646	718	799	851	892
Eastern Europe	87	101	110	122	121	120
Former USSR	180	222	250	289	290	295
Latin America	166	230	308	443	529	631
Asia (excluding Japan)	1269	1637	2139	2979	3534	4138
Africa	228	296	388	621	811	1078
"Rest"	1960	2485	3196	4454	5285	6262
World	2525	3132	3913	5253	6136	7154

From 1820 to 1950 income grew 1.3 percent a year in the “West” and 0.6 percent in the “Rest”. Though the gap in income level was increasing the acceleration in performance was bigger in the “Rest”. Population of the “West” rose by half from 1950 to 2001 (0.8 percent a year), about the same pace as in 1820 to 1950. in the “Rest” the situation was very different. The population grew by 2.0 percent, compared with 0.6 percent in the earlier period. This reflected a major improvement in welfare as mortality declined and life expectation rose from 44 to 65 years in 2001 – much faster in the “West”.

In general, the “West” is now a relatively homogeneous group in terms of living standard, growth performance, economic institutions and mode of governance. Over the past five decades there has also been significant convergence in most of these respects. This is not true of the “Rest”. There are more than 180 countries in this group. It is true that all these countries have been able to increase their income level significantly in the last fifty years, but the degree of success has varied enormously. Most of Asia is experiencing fast per capita income growth. Most African countries are fairly stagnant. Most Latin American countries have been able to maintain the rate of growth with great difficulties. Population growth is faster in Africa, a good deal slower in Latin America and slower still in Asia. Life expectation and levels of education are lowest in Africa, better in Latin America and better still in Asia.

According to the World Development Report 2004, most countries have *rich-poor differentials* in education or health outcomes. It is true that it is not only because of services failing poor people – there are many determinants of outcomes. Disparities in availability of services are found at great length both within the nation and between the nations.

It highlights clearly the absolutely bad outcomes among the poor and it also provides the proximity to achievement of the goals. In many of the poorest countries, access to school, health clinics, safe water, sanitation facilities, rural transport and other services is limited. In a country like New Guinea, there are

villages where the average travel time to the nearest school is one hour. The picture is not good in respect of other facilities too. More than a billion people worldwide have no access to an improved water source, and 2.5 billion do not have access to improved sanitation. In Asia only 30 percent of the population has access to improved sanitation. This has virtually affected the average living standards of vulnerable groups across the countries.

1.5 Disparity at National Level:

Indian economy is one of the less developed countries of the world. Though the economy is marching fast towards achieving the objectives of higher growth along with social justice, inequality in terms of sectoral development, level of income, level of consumption, infrastructure facilities and social provisioning still persists. Some leading economists are of the view that planning in India continued to be aggregative and sectoral, devoid of spatial dimensions, ignoring the socio-economic and physio-geographical dimensions of different parts of the country, to achieve proper inter-regional and spatial integration.

After independence during the first four decades of planning the than institutional framework allowed the public sector to grow without any disturbance and ultimately it led to exploitation. An equal distribution of income generated from the mode of production operated through the demand factor restricted the prospects of sustained industrial growth. The first four decades of planning in a given state of political environment hardly brought forth any radical changes in planned operations. *Regional disparities like other imbalances and distortions in the economy are the manifestation of the contradictions of the mode of production and the consequent pattern of distribution.* Since independence, the organization of space has undergone greater changes reflected in the altered distribution of population among rural and urban settlements and the size and pattern of hierarchy of settlements. The hierarchical organization is top heavy, biased in favor of a few metropolitan cities and large urban centers at the top. The decadal population growth rate in the period 1961-71 has been 38.23

percent for urban areas and about 20 percent for rural areas. Within the urban sector, cities with a population of over half million grew at 53.5 percent per decade, those in the population range of 5000-10000 grew only at a rate of 1.42 percent. It thus indicated that while productive system of the country is continued to be strongly rooted in agriculture in rural areas, the hierarchical system of settlements is increasingly becoming too heavy in favor of cities, and consequently the organization of space has become increasingly dysfunctional. In general, it is also found that at national level income distribution, flow of capital and concentration of economic power continued to be biased in favor of large cities. The disparity within rural and urban areas and between rural and urban areas is clearly visualized in various forms. In rural areas, in general large holdings of 10 hectors and above are owned by just 4 percent of the total number of land holdings.

Over the planning period, inter regional disparities have widened as revealed by the relative range between the highest per capita and lowest per capita income state, the co-efficient of variations in per capita income and expenditure, and the Gini co-efficient of inequality. The relative range of state income measured as the ratio between the highest per capita state income and the lowest per capita state income increased from 1.96 in 1960-61 to 2.24 in 1970-71 and 2.6 in 1975-76. The period of 1975-76 identified the facts that the states of Maharashtra, West Bengal, Gujarat and Tamil Nadu together accounted for 57.37 percent of value added by manufacture. From the point of index of social development, Kerala was found to be the most developed state followed by Maharashtra and Punjab which also has moderately higher per capita incomes. Tamil Nadu and Karnataka then followed, though Karnataka had pretty low per capita income. Hariyana with very high per capita income was next to Karnataka. The lower runs of the ladder were represented by Orissa, Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh.

During the period of 17 years i.e. from 1960-61 to 1976-77 it is found that per capita NDP (at 1960-61 constant prices) increased by 18.9 percent. It is found that the states like Punjab (72.6 %), Karnataka (52.8 %), Haryana (47.4 %) and

Orissa (45.2 %), Maharashtra (22 %) and Jammu-Kashmir (20.3 %) showed much higher rate of increase in per capita SDP. As against that the states like Assam (-11.1 %), West Bengal (-4.1 %), and Madhya Pradesh (-2.7 %) recorded an actual decline in their per capita SDP. The period of 1950 to 1970 in general revealed the fact that there has been no uniformity in inter-state growth rates either with one another or with NDP. Some have grown faster and others slower and some have moved up in their ranking and others have moved down. In the initial stages of planned development Haryana, Punjab, Karnataka, Gujarat and Maharashtra did best in their economic progress. Next are the states like Orissa, Jammu-Kashmir, Andhra Pradesh, Rajasthan and Kerala. The states which did really bed were Assam, Madhya Pradesh, Uttar Pradesh, West Bengal, Bihar and to some extent Tamil Nadu.

The last but two years before the reforms and two years after the reforms indicates different picture in respect of percentage of average annual growth rates of State Domestic Product (Real). As per the reports of CSO presented at India States Reform Forum 2001, following was the picture in that regard.

Table - 1.3

High, Medium and Low Performing State Economies in India

States/All India	Average Annual Growth Rates of GSDP (Real)	
	1980-90	1993-2000
High Performance States	**5.9**	**7.4**
Karnataka	5.7	8.1
Maharashtra	6.3	7.7
Tamil Nadu	5.6	7.4
Gujarat	6.4	6.8
Medium Performance States	**5.2**	**5.9**
Andhra Pradesh	6.7	6.3
Kerala	3.3	6.3
Madhya Pradesh	4.3	5.4
Rajasthan	7.2	5.3
West Bengal	4.3	6.9
Hariyaana	6.3	5.6
Low Performance States	**4.9**	**4.4**
Orissa	5.4	5.1
Punjab	5.7	5.0
Uttar Pradesh	5.0	4.3
Bihar	4.4	4.0
All 14 States	**5.4**	**6.1**
All India	**5.7**	**6.6**

Source : C.S.O., New Delhi, India.
India States' Reform Forum, "Fiscal and Governance Reform for Poverty Reduction, Nov. 23-25, 2000, Taj Palace Hotel, New Delhi.

Table - 1.4

Average Precentage Shares of States and Groups in All India Real GSDP Growth Before and With Reforms

States/All India	Growth Share		Change % Points	Population Share %
	1980-90	1993-99		
High Performance States	**26.9**	**39.3**	**8.0**	**26.07**
Maharashtra	14.4	16.3	1.9	9.6
Gujarat	6.1	8.3	2.2	5.1
Tamil Nadu	6.5	7.8	1.3	6.5
Karnataka	4.2	6.9	2.7	5.5
Medium Performance States	**21.1**	**26.6**	**-0.3**	**35.08**
West Bengal	4.9	6.8	1.9	8.3
Andhra Pradesh	7.8	5.8	-2.0	8.0
Madhya Pradesh	4.8	4.2	-0.6	8.4
Rajasthan	4.6	4.0	-0.6	5.6
Kerala	2.0	2.9	0.9	3.4
Hariyaana	2.8	2.9	0.1	2.1
Low Performance States	**21.1**	**15.2**	**-5.9**	**34.7**
Uttar Pradesh	10.3	7.3	-3.0	17.9
Bihar	4.5	2.9	-1.6	10.5
Punjab	3.8	2.7	-1.1	2.5
Orissa	2.5	1.6	-0.9	3.8
All 14 States	**79.2**	**81.2**	**3.0**	**97.02**
All India	**100**	**100**	**....**	**....**

Source : C.S.O., New Delhi, India.
India States' Reform Forum, "Fiscal and Governance Reform for Poverty Reduction, Nov. 23-25, 2000, Taj Palace Hotel, New Delhi.

As reflected in the Table-1.3, 14 major states of India are classified into three categories namely high, medium and low performing state economies in India. Real GSDP in the form of average annual growth rates is specified of the year 1989-90 and the year 1993-94. At the end of the table average of 14 states and in follow-through average of the respective category is also presented. It is found from table that in general baring few states like Andhra Pradesh, Haryana, Orissa, Punjab, Uttar Pradesh and Bihar, the other states have fared better in this respect. From amongst the states of high category best is the performance found of Karnataka and Tamil Nadu, While Gujarat is found to have done little progress. From amongst the states of medium category Kerala and West Bengal have performed much better in comparison with the states like Haryana, Rajasthan, Madhya Pradesh or Andhra Pradesh. From amongst the lower

performing states none has performed positively. If examined in respect the category as a whole higher performing states have fared well in comparison with the other two categories.

Table-1.4 provides the picture pertaining to average percentage shares of states and groups in All India real GSDP growth before and after reforms. It is revealed from the table that from amongst the group of higher growth states change in percentage point in growth share is found maximum in Karnataka followed by Gujarat, Maharashtra and Tamil Nadu. Coming to medium growth category of states only West Bengal is able to increase its share by 1.9 percentage points followed by Kerala with 0.9 and Haryana with 0.1. The remaining states from the same category and all states of the lower performing category reported to have declining change in percentage points in their growth share. *Thus, it is clearly found that the major states of the country have not been able to increase their share in All India real GSDP growth after reforms. It is also found that the states having declining share in the growth, in general also have higher share in total population.* However, Maharashtra and Tamil Nadu can be regarded as the states with increasing change in the percentage point along with relatively sizable share in the population. Uttar Pradesh had the highest share in population (17.9 %) and the percentage points change was maximum negative (-3.0 %). It is also reflected from the table that from amongst the major states, state like Haryana had minimum percentage share in population (2.1 %) and had maximum positive percentage point change (0.1 %).

In respect of quality of life index number of rural and urban population it is evidently found that the urban-rural disparity was found maximum in Uttar Pradesh (26.25) followed by Orissa (25.83), Rajasthan (25.50) and West Bengal (24.71). It was found minimum in the state like Punjab (6.94) and Kerala (10.25).

One important indicator relating to budgetary expenditure on the development, social services, education and health, sanitation and water supply of the states by geographical regions provides some clues in context of the ground for the

disparities that prevails between the regions in the country. Average percentage of total expenditure of 1986-91 and 1991-96 manifests the fact that northern region has spent less during the reforms period in relation to the pre-reforms period. This decline in states expenditure is found in all sectors mentioned above. Southern states also reflect decline in the states expenditure. However, it is comparatively less in medical and education in general. Western states have their expenditure falling in respect of development, social, health and water supply. It is however some what betters in respect of education. This trend also indicates an important factor amounting to disparity.

Budgetary expenditure of individual state in respect of social services if examined in terms of average of 1986-91 and 1991-96 reveals the fact that Kerala had spent highest from amongst all major states in India. However, average percentage had declined after the reforms as compared to the period of pre-reforms. Minimum average spending was found in the state like Andhra Pradesh, in the pre-reforms period, however in the after reforms period that expenditure was found minimum in otherwise known as progressive state Punjab.

Different estimates of different economists reveals the existence of wide disparities of income and consumption in India. Data provided in the Sixth Plan revealed that the bottom 30% of population in the rural sector accounted for only 30% of total private consumption expenditure, while the top 30% accounted for nearly 52%. The situation was even worst in the urban areas.

According to NCAER estimates the lower 20% received only 7.5% of the total disposable income, but the upper 20% received 47.5%. According to another study based on the Forth Plan data, the top 5% received more than the bottom 50%. A study of planning commission provides an interesting information that the bottom 20% of population gets only 11.5% share in the benefits from Government expenditure, where as the top 20% gets 35%. The existence of 37% of population bellow poverty line also suggests wide range of disparities of income and consumption in India.

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CHAPTER - 2

CHAPTER - 2

Research Design

2.1 Problem

There is a great range of regional planning strategies persuade in the developing countries of the world, but three common policy problems constantly recurs – regional disparities in development, the excessive size of the national metropolis and rural-urban inequality. The stated objective of regional policy in many developing countries is to elevate one, or more of these problems that is, to reduce inter-regional and rural-urban disparities and to curb the growth of the national metropolis. Closer scrutiny of the three problems shows, first, that there is no single way in which any of them may be defined and second, that each refers to a spatial distribution of some kind. Regional disparities in development and rural-urban inequality may be measured using various indicators such as per capita income, employment opportunities, social facilities or infrastructure. But, whatever indicators are chosen, they merely describe a spatial pattern.

With the growth of civilisation there has been persistent rise in the avenues of development. Scientific and technological innovations have brought forth dynamic changes in the aggregate economic structure in general and the living style of the people in particular. It is found that because of rapid technological development mankind is able to make excessive use of available natural resources. In quest of newer and newer technology man has made extensive use of both intellectual properties and natural resources. The history of development of the world and India is marked illustration of gradual improvement of human being towards fulfilment of higher objectives of life. These efforts virtually resulted into the process of development. It is because of variations in the natural endowments, application of technology, institutional environment and aggregate structure that the outcome of the process of development is not found similar in all respects in all regions. This inequality in itself has aggravated the situation

further. Economists, social thinkers and policy makers had in earlier days devoted much of their time and efficiency to study and analyse the problem of inequality.

However, in the recent past particularly during 1980s, issues of inequality and distribution were back as the center of discussion on economic policy and development. In the introduction to, “Handbook of Income Distribution”, the first ever published, Arkinson and Bourgeriguon (2000, Page 2) writes, “There was a time in the post war period when interest in the distribution of income had almost vanished. Today the position is different”.

R. Kanbur and N. Lustig examined following factors accounting for the resurgence of interest. They are, 1) profession wide debate on the separation of efficiency and equity, 2) the role of Kuznet’s curve, 3) Changes in inequality between the 1980s and 1990s. 4) The complex micro patterns of distributional change that occurs in the developing countries.

At global level it is found that there is no systematic relationship between the evolution of equality and growth performance. Out of sample of 104 observations for more than 80 countries, inequality rose in both expanding economies (Australia) and stagnant one (Lithuania). Output growth was positive in 16 of the 34 countries in which inequalities increased and it was negative in 8 of 12 in which inequalities declined.

In consideration of these observations the national level scenario subscribe to the above prevailing trends. It is clearly fond that both during pre-reforms period and post-reforms period there has been variations in the sectoral growth over a period of time and income share to the nations contribution has significantly changed over a period of time. As part of the socialist strategy the efforts if not yielded positive impacts in respect of the distribution, the on going efforts of the completed decade of market economy has also not resulted into the economic or social equality. When it is measured in terms of sectoral output, SDP, composite index of human development, the trend in general does not indicate higher

positive gains. Though, falling trends are also not very high in majority of the states, the rate of progress between the states is largely found uneven. Demographic indicators also contribute to the distributional aspects of the economy.

Being a researcher I am therefore inclined to undertake a study on examining the level and the nature of disparities that prevails between the states. *Is it because of relatively less control population that inequality prevails? Is it the institutional environment that upholds the level of inequality? Does the market-based economy induce inequality? What kind of changes do we come across during the course of reforms? Are these changes more conducive to harmonious growth of the states?*

All such issues emerge across the states when they are studied in relation to each other.

These proposed research study is a systematic and modest effort in this direction. It refers to encompass the variations in the prevailing rate of growth, its structural and functional aspects and more specially the intensity of the imbalances that has occurred during the course of reforms. Thus the basic problem of the study is centred on the level and nature of disparity across states along with causes and consequential relationship.

2.2 Objectives of the Study

The research study is mainly aimed at the following objectives:

(i) To make an overview of the progress of the selected states particularly under reforms period.

(ii) To examine the prevailing trends and differentials from the temporal perspectives within the given state and between the states.

(iii) To workout the level and nature of disparity that prevails between the selected states.

(iv) To identify the major factors influencing the level of disparity.

(v) To point out suggestions to minimise the disparity in context of current policy measures undertaken by the government.

2.3 Hypothesis

An attempt is made to test the following hypothesis in context of the research study.

(i) Disparities in general between the states are widening.

(ii) There are intense fluctuating trends found in the level of disparity in context of economic indicators of development and human development.

(iii) There is found positive relationship between opening up of economy and magnitude of disparity.

(iv) From amongst the four states of study Gujarat and Maharashtra is found more progressive in comparison with Madhya Pradesh and Rajasthan.

2.4 Research Methodology

This research work is purely secondary data based study. In view of examining the magnitude of disparity various components are selected as indicators, which by and large reflect disparity between the states. Major components from which the variables are selected can be mentioned as under.

(1) Demographic Trends

In context of population-based data the main indicators selected for the study includes decadal growth variations in the total population, percentage share of the states population to the total population of India, density of population, sex ratio and urbanisation.

(2) State Domestic Products:

The study refers to the analysis of gross state domestic product, net state domestic product, per capita net state domestic product, and sectoral distribution of state domestic products, quinquenium growth rate of gross state domestic product and annual compound growth rate of state domestic products.

(3) Primary Sector:

This research study largely concentrate on some important primary sector indicators. It examines land use pattern, yield performance, area under irrigation, area under food and non-food crops and agricultural credit.

(4) Secondary Sector:

The study covers some limited portion of industrial economy of the different states for which the data is available. It includes number of factories, total employment, gross value of output, per capita value added, IEMs and FDI.

(5) Service Sector:

In respect sector both economic and social service sector data analysis is presented. In context of electricity number of villages electrified and per capita consumption of electricity is measured. While in respect of telecommunication total number of direct exchange lines and cellular subscribers is presented. In view of financial indicators total number of bank branches per lakh population and credit/deposit ratio is analysed respectively. Education is regarded as the key input for integrated development. This study highlights the status of literacy rates amongst the sample states, enrolment ratios, dropout ratios and teacher pupil ratios. Regarding health sector performance of the states indicators like life expectancy ratio at birth, birth rate, death rate, infant mortality rate and number of PHCs and CHCs is verified. Water is the most

immediate and prime necessity. In view of this fact states' scenario in respect of availability of safe drinking water is also examined.

(6) General:

Several other indicators are equally important to measure and understand the level of disparity between the states. Therefore, the study covers the poverty and nutrition situation, consumption expenditure, level and growth of employment and public expenditure of various states for different sectors is identified and examined.

2.4.1 Measurement

Various indicators providing important information in respect of the particular sector is measured and evaluated through different methods. The study in general and broadly includes *percentage share* of individual state in India, growth rates in percentage variations, *average annual growth rates* and *annual compound growth rates*. Besides, the study also is undertaken by working out *Maximum/Minimum ratios*, *coefficient of variations* and simple index method. From amongst these tools the particular one is used in context of its applicability for the concerned variable.

The entire study largely concentrates on the post reforms period. Therefore, secondary data from the period from 1991 to 2000 or of the last available year is considered for the study purpose. However, to understand and examine some backward linkages, as part of the background in several cases data pertaining to the period of 1980s is also taken into consideration. The entire study under the reforms period dose not necessarily reflects year-wise measurement. It analyse the very beginning year, the middle year of the last decade and terminal year of the decade.

2.4.2 Sample Size

Being a native of Gujarat state I am inclined to undertake the research work pertaining to own state and the neighbouring states. The first immediate neighbour from the competition point of view is Maharashtra. From the census point of view one of the four states of study that is Rajasthan fall in the north region of India. While in context of geographical regions Madhya Pradesh as the title itself indicates falls in the central territory of the country. With a view to examine the disparity between the neighbouring states it is co-incidence and equally interesting the fact that two of four states from the development point of view fall in the popular category of "BIMARU" states. It is in this regard that in natural course the study attains significance in respect of understanding the dynamics of development within the so-called backward states like Madhya Pradesh and Rajasthan.

2.4.3 Source of Data

Being absolute secondary data based study special care is taken to find out exact and authentic source for collection and compilation of data. The database is highly depending on the following main sources.

(i) Annual publications in the form of social and economic review and/or economic surveys of different years of concerned state Governments, published by Directorate of Bureau of Economics and Statistics.
(ii) Several reports of Central Statistical Organisation.
(iii) Domestic Products of states of India, 1961 to 2001, Economic & Political Weekly Research Foundation.
(iv) National Human Development Report - 2001.
(v) Reports of several rounds of NSS.
(vi) Census Reports including SRS of Government of India.
(vii) Annual Reports of Reserve Bank of India.
(viii) Different websites of central and states' governments and its departments and some other institutions.

2.5 Limitations of the Study:

There are various forms of disparities being found in the economy. The present study however does not include all shorts of disparities. It does not present the econometric approach to measure the level of disparity. From temporal point of view the study does not analyse pre and post reforms comparison. In aggregate the study is simple tabulation analysis of the various known indicators. Looking to the limitations of technical approach, sub-sectoral data and paucity of time and finance correlation matrix – backward forward linkages in statistical form are not examined. Some of the data referred to in the research are also relatively not of the latest available year as it has not been available even with referring to the standard periodicals, journals and websites.

CHAPTER - 3

CHAPTER - 3

Review of Literature

Enormous literature is available in context of regional balanced growth. Economists, technocrats and thinkers have made exhaustive studies on the balanced regional growth. Many of the studies throw light on theorisation of the concept of balanced regional growth, while many a study reflects empirical observations based on the field studies. Globally and nationally the literature highlights some key elements pertaining to the regional dimensions of economic growth. Gist of some of the studies is presented here to understand the research work in reference to the previous studies. Part one refers to theoretical studies and part second includes empirical observations.

3.1 Review of Conceptual Studies

(1) Bertil Ohlin has presented the conditions and assumptions for the prevalence of inter regional equality. He acknowledge the fact that the factors of production are inter regionally immobile and intra regionally freely mobile. It is because of such characteristics that division of labour prevails between the countries and it is because of the absence of transport cost and tariffs, there is tendency towards equalisation of prices of factors of productions.

(2) Gunnar Myrdal a Swedish social scientist has expressed the view that once a development starts in a particular center, for whatever reason, then that region develops its own momentum of growth through the process of cumulative causation. He subscribes to the view that the net effect of inter regional interaction depends on the combined impacts of backwash and spread effects. He concludes in his classic work stating that, “The free play of market forces in a poor country will work more powerfully to create regional inequalities.

(3) John Friedman has developed a regional development theory. According to him the process of industrialisation influences dramatic shifts in the spatial pattern. He explains that the unrestrained forces of dynamic market economy appear to be working against a convergence that inter regional balance and hierarchical systems of cities are essential conditions for nations' development.

(4) Karl Marx believed that capitalist development would create an increasingly unequal distribution of income. According to him the owners of capital dominate both the economy and the "bourgeois" state. With the development of capitalism the rate of profit falls and crisis occurs resulting into rise in industrial concentration.

(5) Simond Kuznet put forward the proposition that the relationship between the level of per capita gross national product and inequality in the distribution of income may take the form of an inverted 'U'. That is, as per capita income rises, inequality may initially rise, reach at maximum at an intermediate level of income, and then decline as income levels characteristics of an industrial country are reached.

(6) Williamson (1965) and Mehra (1972) observe that two regions with same average income can have completely different distribution of income within the regions. It is an empirical guess that the relationship between regional disparity and economic development takes an inverted 'U' shape. This implies that in the early stages of economic development, regional income disparity increases, but subsequently regional incomes start to converge.

(7) Efficiency and equity are inseparable policy recommendation to redistribute assets while keeping market as free and as competitive as possible reflects the fact that efficient allocations need not be egalitarian.

(8) Mirrlees shows that lake of lump sum transfer instrument makes equity and efficiency substitutes. Examining the classic trade of between progressive

income taxation and the incentives to work, he shows that appropriate policy depends on the degree of egalitarianism and characteristics of labour supply.

(9) Bruno, Ravallion, Squire (1998) have observed that there have been cases in which growth was associated with rising inequality, but there have been at least as many cases of falling inequality. There does not appear to be any systemic tendency for distribution to improve or worsen with growth on average, and then absolute poverty will fall.

(10) Gary S Fields demonstrates usefulness of Lorange curves to analyse the cases of dualistic development. He tried to explain the fact that the greater the curvature of the Lorange line, the greater the relative degree of inequality. He distinguished among three stylised development typologies, that is the modern sector enlargement growth typology, the modern sector enrichment growth typology and the traditional sector enrichment growth typology. He concludes with the proposition that in the traditional sector growth typology growth results in higher income, a more equal relative distribution of income, and less poverty. In the modern sector enrichment growth typology, growth results in higher income, a less equal relative distribution of income, and no change in poverty. While in the case of Lewis type modern sector enlargement growth typology absolute income rise and absolute poverty is reduced.

(11) Benjamin Higgins observed that No national or international can be thoroughly understood without analysing its regional structure, the nature and functioning of the various regional economies comprising it, their interaction among themselves and their relationship to the national and world economies. There is no universally accepted criterion for judging regional disparities, but a wide variety of facts suggest that individual well being does defer from one region to another.

(12) The seminal theoretical contribution of Romer (1986) and Lucas (1988) on endogenous growth mechanisms has generated a lively empirical literature. This literature has primarily focused the so-called convergence hypothesis. The hypothesis asserts that the differences in contemporaneous per capita income between any pair of economies will be transitory so long as the two economies poses identical technologies, preferences and population growth rates.

(13) Ram (1989) has extended Kuznet's inverted 'U' hypothesis to inter country inequality in per capita gross national product. Ram is of the opinion that with the growth of the world economy inter country income inequality at first increases and after some "turning point" declines. He has identified reasons to support this extension. According to him the world economy is divided into traditional and modern sector with very different technologies, products composition, input productivities, input prices and income levels. The traditional sector has relatively abundance of labour while the modern sector is lacking in this regard. With the development of the world economy tendency amongst lower developed countries to join the developed groups increases.

3.2 Review of Empirical Observations

(14) Irma and Adleman present a summary of changes in income distribution in groups of non-communist developing countries in the form of changing Gini co-efficient. The study revealed the facts that between 1960 and 1980 income inequality increased substantially for the entire not communist third world. However, within this countries income distribution improved in middle income, non-oil producing nations, but worsened in both low income and oil exporting countries. They conclude that reductions in either source of inequality (both within and between countries) can make important contribution to poverty reduction. Unfortunately many developing countries particularly those in Latin America and Sub-Saharan Africa, income

inequality continued to worsen during the 1980s, before stabilising in the 1990s.

(15) Michel Todaro has observed that inequality has also increased in the developed countries. The free market philosophy of privatisation, reduced taxation for the rich, and curtailed Government activity helped the richest 1% in the United States capture 62% of the growth in after tax income between 1977 to 1995. Conversely, the bottom 40% experienced little or no improvement, and their income share actually declined.

(16) In the most comprehensive and widest ranging study by the World Bank (1996) reported that though the over all incidence of poverty declined slightly in developing and transition countries between 1987 and 1993. The number of absolute poor increased by 80 million people that is from 1.23 billion to 1.31 billion. In just the developing countries the numbers increased by 74 million, with the incidence of poverty rising in percentage and absolute terms in both Latin America and Sub-Saharan Africa. The only decline in numbers was recorded in China, East Asia and Pacific. 12 countries accounted for almost 80% of the worlds' poor in 1993.

(17) A detailed study in context of global economic analysis by Ahluwalia and Chenery it is identified the growth of income in 17 countries as measured by the rate of growth of gross national products, an equal weight index and a poverty weight index. It was found that economic performance as measured by equal weights and poverty weighted indexes was notably worse in some otherwise high GNP growth countries like Brazil, Mexico and Panama. In five countries the performance was better because of the relative income growth of lower income groups proceeded more rapidly over the period in question in those five countries than that of other higher income groups.

(18) Atkinson observes that differences in changes in income inequality in advanced industrial countries reflect both differences in Government polices and differences in social norms. Countries in which Gini co-efficient rose

between 1980 and early 1990s (Germany, Japan, U.K., U.S.A.) were government by rightwing or centre right ponties. Countries in which the Gini co-efficient fell Canada, France, and Italy were governed by centre left social democratic government. Those all milanovic calls “non compensators” for the government of Russia, Ukraine were inequality sharply increased however it was not found in all such type governments.

(19) Annual World Bank Conference (1999) states that inequality is found to have increased in both traditional more egalitarian (Thailand) and traditional non-egalitarian (Mexico) in both rich countries (U.S.A., U.K.), poor countries (Panama, Ethiopia), cong standing market economies (Hong Kong, China) and economies in transition (China, Russia).

(20) The Economic and Scientific Research Foundation of India proved that over the decade 1960-61 to 1970-71 agricultural income from crop production registered a very high growth rate of 142.6 percent. In case of already developed states, it was very high with Punjab 224 percent, Hariyana 223 percent, Gujarat 203 percent, and Rajasthan 200 percent, while it was lower than the national average in Mysore, Orissa, Jammu and Kashmir, Kerala and other states.

(21) In 1982, The Economic Times made a study of prosperity in different states and found that nine states had about 50 percent population below poverty line. These states were Orissa, Tripura, M. P., Bihar, West Bengal, Tamil Nadu, Assam, U.P., and Karnataka.

(22) Prof. Radhakrishnan, in his lecture, “The Centre and the Periphery”, in 1980 grouped inter-state disparities into six categories, and found that 72 percent of the total poor population resided in seven major states, viz. Madhya Pradesh, Bihar, Maharashtra, West Bengal, Andhra Pradesh and Tamil Nadu. Most of the least developed states lie in the heartland while most of the outlying area seems to be deprived. So Prof. Radhakrishnan calls it the

centre periphery problem rather than North-South problem in the United Nations terminology.

(23) In 1968, the Government of India appointed a working group known Pandey Committee for identification of backward areas. The recommended five indicators for measuring development. Subsequently, the Planning Commission in consultation with National Development Council recommended six indicators. Both Pandey Committee and Planning Commission had suggested that for incentives to industrial development, the district should have a minimum level of infrastructural facilities.

(24) Chakravarty Committee on Backward Area has more methodically examined the problem of identification and classification of backward area with the help of fourteen indicators. The Chakravarty Committee made use of three methods for aggregating the fourteen indicators, which it initially chose. The ranking method classified 164 districts as backward, the index method classified 206 districts as backward, and the principal component method classified 181 districts as backwards. 155 districts were classified as backward by all the three methods and were named as hard core of backward areas in the country.

(25) The National Committee on Development of Backward Areas recommended problem area approach and viewed six type of fundamental backwardness, viz., chronically drought prone areas chronically flood affected areas, desert areas, hill areas, costal areas affected by salinity and tribal areas.

(26) Facts for You in 1982 analysed the regional disparities in states on the basis of per capita income at current prices in comparison to All India average being equal to 100. For the year 1980-81, the states above the national average were Punjab, Maharashtra, Hariyana, Gujarat and West Bengal, their indices being respectively 173, 149, 137, 123 and 103. The states below the national average were respectively Himachal Pradesh

(98.5), Jammu & Kashmir (95.2), Karnataka (91), Kerala (90.5), Tamil Nadu (89.1), Andhra Pradesh (85.6), Assam (81.5), Rajasthan (81.3), Uttar Pradesh (79.4), Madhya Pradesh (71.8), Orissa (71.7), Manipur (69.8) and Bihar (59.4).

(27) Prof. R. T. Tiwari in 1984 prepared a composite index based on 19 indicators from agriculture, industry, irrigation, power, roads, education and health. The states above the national average were Punjab (157), Kerala (139), Tamil Nadu (137), Maharashtra (123), Gujarat (119), Hariyana (116), Karnataka (115) and West Bengal (109). The states below the national average were Andhra Pradesh (98), Himachal Pradesh (98), Uttar Pradesh (87), Orissa (84), Rajasthan (81), Bihar (78) and Madhya Pradesh (76). Thus, Madhya Pradesh the largest state of India in terms of land came out even half the performance level of Punjab.

Thus different committee and persons have adopted different methods of measuring disparities in India, and different districts and states have emerged as more or less developed. But generally have states, which are identified to be more developed and above the national average, are: Punjab, Haryana, Maharashtra, Gujarat, West Bengal and Himachal Pradesh. The states identified as less developed and generally below the state average are Madhya Pradesh, Uttar Pradesh, Bihar, Orissa, Manipur, and Assam.

(28) B. L. Mathur explains that on the basis of per capita NDP different states in India have been grouped into following three categories:

A) Higher Income States:– Gujarat, Goa, Punjab, Hariyana, and Maharashtra.

B) Middle Income States:– West Bengal, Himachal Pradesh, Jammu & Kashmir, Karnataka, Andhra Pradesh, Kerala, Tamil Nadu, and Andhra Pradesh.

C) Lower Income States:– Rajasthan, U.P., Assam, Tripura, Tamil Nadu, Orissa, Madhya Pradesh, Manipur, and Bihar.

In 1988-89, Goa and Punjab had the highest and Bihar had the lowest per capita NDP. The difference between their per capita NDP was about 3:1. This shows the degree of uneven regional development in India. Even in a state, there are large variations in the level of development of different regions; uneven development is thus both an inter-state and an intra-state problem.

(29) Several studies on the post reforms period provide different view regarding the impacts of reforms on the different state economy. The study by Sachs, Bajpai, and Ramiah (2002) makes a review of he studies in both the strands of thought, and concludes that, “most papers, like ours, find a tendency toward divergence rather than convergence”. Using different measures of convergence, the authors find that India, like China, does not show any signs of even conditional convergence, let alone unconditional convergence.

(30) In reviewing the existing studies, Ahluwalia (2001) finds that those studies have dealt with long-term trends and the general conclusion “seems to be that there is no evidence of unconditional convergence but there is evidence of conditional convergence”.

(31) Nagrajan (2002), examining the effect of economic reforms on output, investment and employment, singled out the distribution of NSDP originating in the manufacturing sector across states, because economic reforms in India essentially focused on the manufacturing sector. Nagraj’s analysis shows on statistically significant improvement in the growth performance of states that have initiated market oriented policies, on the other hand, four states, namely, Bihar, Haryana, Punjab and Uttar Pradesh, have experienced statistically significant slowdown in their manufacturing growth rates after reforms, thus implying, growing inequality in the pattern

of manufacturing growth, though this in turn may "imply a greater efficiency as the production decisions are increasingly driven by private profitability considerations".

(32) EPW Research Foundation (2003), after examining the states' share in GSDP (Three-Yearly Annual Averages) came to the conclusion that interestingly, even the spread between the top five and the bottom six states has got widened. The top five states, which accounted for 24.7 percent of the country's total population, had a share of 34.7 percent of all states GSDP during the early 1980s, this GSDP share increased to 38.2 percent by the end of the 1990s. On the other hand, the bottom six states, which accounted for a 41.6 percent share in the total population, have suffered a setback in their GSDP share from 35.3 percent to 26.9 percent between these two periods. Even the spread between the highest (Punjab) and the lowest (Bihar) in per capita NSDP terms has got widened as between the four periods, with the percentage ratio constituting the spread moving up from 302 percent to 346 percent and to 421 percent and 452 percent, during the periods 1981-82/1982-83, 1991-92/1993-94, 1993-94/1995-96 and 1998-99/2000-01, respectively, as explained earlier, the first two periods are based on the 1980-81 series of real per capita income and the last two based on the 1993-94 real series.

(33) EPW Research Foundation (2003) in its study of real per capita GSDP conclude that, the relative changes in the ranks of different states apart, there is no gainsaying that overall inequality in the levels of real per capita income has risen over the past two decades. This evident from the year-to-year steadily rising Gini coefficient worked out for the distribution of average GSDP amongst state separately from the individual year from 1980-81 to 1996-97 based on 1980-81 prices series and 1993-94 to 2000-01 at 1993-94 prices. The key results that standout in these measures of Gini coefficients for individual years are:

(i) First, both the series show a rise in inequality over the years, though during the 1980s, the co-efficients were generally stable up to 1986-87 – a revelation emphasised by Ahluwalia's (2001) study for the major 14 states as well.

(ii) Second, the measure of inequality as per capita GSDP based on the revised 1993-94 series seems to have denied some what though the rising trend between 1993-94 and 2000-01 has persisted and finally, it is found, based on both the series, that Gini co-efficients appear significantly lower for the 16 major states (possessing 90 percent of the population) than for all the 27 states and union territories, suggesting the presence of wider disparities, amongst the smaller states and union territories.

(34) EPW Research Foundation (2003) after minutely studying the trends in Gross Fixed Capital Formation derived that; at the outset brief observations on the importance of fixed assets creation by supra-regional sectors are in order. It is observed that country to widespread impression, the top five states to receive the benefits of fired assets creation by central supra-regional institutions are the relatively advanced states of Maharashtra, Andhra Pradesh, West Bengal, Delhi and Tamil Nadu (as per the latest data for 1987-88).

Second, a distinct impression that stands out in these data is the reversal in the 1990s of the upward trend in gross fixed investment to SDP ratio of the 1980s. The only exception in this respect is Haryana, which has produced both constant and current prices series of GFCF based on the 1993-94 series.

Third evidence suggests that the declines in the states level investment has been due to sharper declines in public sector investment to SDP ratio of about 10 percent throughout to less than 6 percent.

Finally, while on public sector investment at the states level, it should pointed out that there are vast divergences in the level of public investment across states. While Maharashtra, Tamil Nadu, Punjab and Goa have public investment to SDP ratios of above 5 percent. Gujarat and West Bengal had unduly low ratios of the less than 4 percent (Gujarat) or less than 1 percent (West Bengal).

(35) Nachane, Parth Ray and Saibal Ghosh examined the impact of monitory policy across the states. Their study reveals that the response of different states to monitory policy shocks is in fact quite distinct. The size most of a state's response to monitory policy is positively related to the share of manufacturing in NSDP. It supports the fact that certain states, containing a relatively larger concentration of small firms, tends to be more responsive to monitory policy shocks than states with a smaller concentration of the same. In their analysis from amongst the states of our study Madhya Pradesh was found in category of states where monitory shocks have less significant role in the state output variance, while in other three states of our study monitory shocks have a significant role in a state wise output variance. That study referred to the period of 1969-70, 1979-80, 1989-90 and 1998-99.

(36) R. H. Cassen in his reviewed article regarding well being in the 1990s observed that literacy and fertility decline have unambiguously accelerated. But the record overall is one of continuing modest if uneven progress. He is of the opinion that liberalisation alone is not to be blamed for the poor economic performance of the poor states and the disparities in income between the poorest and the best of the states have been widening since 1950 not just 1991.

(37) Sen A. K. strongly argues that economic reforms affect the rural sector directly even though they are focused on the industrial sector. He says fiscal contraction affects the rural sector instantly via the impact of govt.

expenditure on employment and wages. He exemplifies through statistical data on fiscal contractions and considers disparity in states fiscal as one of the major causes of intense disparity between the states.

(38) Asha Maheshwari in a detailed paper on “Economic Reforms and Rural Poverty” analyses the fact that soon after the introduction of economic reforms in 1991, rural poverty increased in 12 out of 15 states. And that there was greater unevenness found in the increase of rural poverty between the states. This increase varied from a high of 56 percent in Gujarat, followed by 49.3 percent in Maharashtra, Rajasthan 22.4 percent and Madhya Pradesh 13 percent.

(39) S. Mahendra Dev and Jos Mooij focuses in social sector expenditure in the 1990s and looks at several aspects including overall levels of allocation, expenditure on health and education and inter state disparities. One of the measure findings of their study reveals the fact that in most states, social sector expenditure has not increased very much, in the first half of the 1990s, but in the second half there has been an increase, in terms of per capita real expenditure. The rich and the middle income states have done better than the poor states, but there are also huge variations within income groups. Within the group of rich states social sector spending is very high. Within the group of poor states the performance (in terms of spending) of Madhya Pradesh, Orissa and Rajasthan has been improved considerably, especially after mid 1990s.

(40) The strategy of freezing the population factor to 1971 levels in deciding finance commissions rewards has been successful in denying states with higher rates of growth of population the benefit of a larger proportion of resources. The states that have consistently gained from this are Andhra Pradesh, Assam, Goa, Himachal Pradesh, Kerala, Orissa, Punjab, Tamil Nadu and West Bengal. All the other states have lost over the period covered by these awards. The consistency in gains and losses across all

the FC awards is indicative of the relative share of the states in population being invariably lower or higher respectively in 1981, 1991 and 2001 Census in comparison with 1971.

(41) K. Sundaram and Suresh Tendulkar examined the poverty situation in 15 major states across four distinct dimensions – a head count ratio, size of poor population, depth and severity for the rural, the urban and total population. The poverty situation they find worsened over the six year period 1993-94 to 1999-2000 in Assam, Madhya Pradesh and Orissa. In the remaining 12 states there was a distinct improvement in the terms of the most visible indicator, namely, the absolute size of the poor population. Overall despite diversity across the poverty indicators and across states, the overwhelming impression is of greater improvement in the poverty situation in 1990s than in the previous 10 ½ years.

(42) Surjit S. Bhalla has exposed in detail regarding the controversy over the magnitude of Indian poverty. He discussed the trends in different survey. He firmly observe that there have been large changes towards equality observed in most parts of rural India (15 out of 16 states) and to a lesser degree in urban India (8 out of 17 states). On an all India basis, the share of the poor (defined according to the head count ratio in 1983) in the overall consumption distribution increased in 14 out of 17 states based on NSS data. This overwhelming evidence suggests that the claim that inequality worsened in India over the last two decade is somewhat erroneous.

(43) The draft Ninth Five Year Plan has acknowledge that “growth has not been as regionally balanced as it should have been” and goes on to state that planned intervention is required to ensure that large regional imbalances do not occur. It further adds, “It will be necessary to deliberately bias public investment in infrastructure in favour of the less well off states”. The plan document also dilute its commitment to public investment in industry as a policy tool to reduce regional disparities by stating that, “reduction in

regional disparities particularly in average standards of living may be achieved through greater focus on agricultural and other rural activities".

(44) T. Ravikumar in a comparative analytical lucid research articles relates investment in central non-departmental undertakings to the population and per capita incomes of 14 major states for the period 1965-66 to 1994-95. Though the share of states in these investments has fluctuated, the richer states have drawn the highest proportions of investments while the poorest states have had to make do with least.

(45) In other paper on Regional Development Criteria in respect of the Finance Commission awards Ravikumar examines with data the fact that the gains and losses in the share of individual states from the actual FC awards have not necessarily followed in the same direction as the income category they belonged. Bihar and Orissa are two states that gained through out in the share of income tax while no state had similar experience in case of excise duties. Five out of the fourteen states gained from the 11^{th} FC award as compared with shares deriving from the 10^{th} FC award. Four of the five low income states benefited with Bihar and Uttar Pradesh gaining the maximum. Only Rajasthan from this category experienced a loss though this was marginally at 0.01 percent. All the high income states were losers as were the middle income states with the exception of West Bengal, Maharashtra, Gujarat and Tamil Nadu were the states experiencing the biggest loss.

(46) Debabrat Mandal represents an alternative measurement for human development. His interstate comparison are based on four state level indices: per capita net state domestic product at factor cost at constant 1980-81 prices to measure command over resources, life expectancy at birth to measure health status and literacy rates to represent educational attainment, female-male ratio as an indicator of gender differences (and poverty ratio). He has taken sixteen major Indian states, each having a

population of 5 million or more (1991 Census). The basic data relates to two periods – early 80s and early 90s. Finally, he concludes that –

(i) Human development requires much more than growth of income. The correlation between income and non-income indicators such as life expectancy, literacy rate and female-male ratio is lower than the correlation between the other indicators. Gender inequality, one important aspect of human deprivation has little to do with income. Gender equality can also be achieved across a range of cultures and political commitments.

(ii) The progress in human development in India is marked by unevenness and stagnation. There are wide disparities in achievements and improvement among northern and southern states over the two sides of the Bindhyas.

(iii) Public policy both at the state and at the central level has to be design to meet different kinds of challenges in different parts of the country. For this, it is necessary to compile and analyse data on well being indicators, based on non-linear achievements and improvement at the district level.

(47) Biswajit Guha made an attempt of measuring human development index has refrained from estimating the following related items of human development in India, (i) gender disparity (ii) gender empowerment (iii) food security and (iv) human deprivation and poverty.

Glaring inter-state disparity is observed with respect to some items as revealed from their figures of coefficient of variation. These are, for example, per capita income of the state (38.37%), index of education (25.22%), index of urbanisation (32.54%), index of electricity connection to households (46.11%), index of residence in pucca houses (37.2%), per capita availability of beds in public hospitals (78.52%), urban-rural disparity

in quality of life index (28.16%), percentage of households living in slums in rural areas (57.75%) and in urban areas (47.09%), percentage of dwellers of slum living in kutcha houses in rural areas (50.6%) and in urban areas (61.62%), etc. Thus in most of the items, the figures of coefficient of variation exceeded 20%. But when all these items are put together the four alternative values of coefficient of variation related to the study of HDI_1, HDI_2, HDI_3 and HDI_4 are found to be at 18.02, 17.11, 16.17 and 16.26 percentages respectively. These figures are also moderately high though these are very close figures and found to be consistent. It also worth mentioning that in all the mentioned studies, the state of Kerala occupies the highest rank.

It is observed that the index of per capita income of the state varies from 9.56% in Bihar to the maximum of 39.3% in Punjab. The index of education varies from the minimum of 36.76% in Bihar to the maximum of 90.85% in Kerala. The index of urbanisation varies from the minimum of 11.10% in Assam to the maximum of 38.70% in Maharashtra. The index of life expectancy varies from the minimum of 48.33% in Madhya Pradesh to the maximum of 78% in Kerala. The index of rural quality of life varies from the minimum of 32.38% in Orissa to the maximum of 68.44% in Punjab, the index of urban quality of life varies from the minimum of 58.21% in Orissa to the maximum of 75.38% in Punjab and the index of quality of life of total population varies from the minimum of 36.27% in Orissa to the maximum of 70.53% in Punjab. The index for poverty eradiction varies from the minimum of 42.1% in Orissa to the maximum of 85.7% in Punjab.

(48) Rama Shankar Singh in his study of reforms and regional social disparities grouped 14 major states of the country into high income, middle income and low income states. States with per capita net domestic product above Rs. 7,500 in 1993-94 have been classified as high income, with per capita NSDP between Rs. 6,000 and Rs. 7,500 as middle income and with per capita NSDP below Rs. 6,000 as low income states. Data pertaining to

various indicators of social development like, population growth, urbanisation, sex ratio, birth and death rates, infant mortality rate, expenditure on health, expenditure on education and literacy rate etc. are analysed and summarised that the level of economic development of the state has direct bearing on the expenditure on social development. However, there is so much variance in the performance between high and middle income states. Kerala, though a middle income state, stands much ahead among major states in the matter of social development. The case of Haryana is an exception, as being a high income state is comparatively backward in the matter of social development. Andhra Pradesh a middle income state shows poor performance in the matter of literacy rates. The per capita expenditure of Andhra Pradesh on health and education are comparable with low income states. The lack of economic resources and means of incurring sufficient expenditure on health and education in low income states causes development in social development. The social backwardness becomes a limiting factor for economic development in backward regions and states.

"I see poverty in terms of wide-spread illiteracy, poor health care system, incomplete land reforms, gender differences, deprivation of woman and children", this expression of Nobel Laureate Amartya Sen should postulate in clear terms the agenda for social development if we have to accelerate the rate and achieve the goal of economic development. In India we have marched on the path of economic reforms through the policies of liberalisation, privatisation and globalisation. In the matter of social development we lag behind developed countries. In India, there exist wide disparities among different regions and states. There is very doubt that the issue of social development in general and of backward region in particular if left free, will be touched upon by market forces. Knowledge and health are power. Monopolisation of these two powers is the root cause of all other monopolies such as social, political and economic power. Deprivation of these two powers causes all shorts of deprivation. Thus, there must be a

planning for social reforms keeping in view the national perspectives with adequate financial support from the central and state governments, particularly for backward regions and states of the country.

(49) Bhattacharya and Sakthivel (2004), has made attempt to study and analyse the growth rates of aggregate and sectoral domestic product of major states in the pre and post reforms decades. The results indicate that while the growth rate of gross domestic product has improved only marginally in the post reforms decade, regional disparity in the state domestic product has widened much more drastically. Industrial states are now growing much faster than backward states and there is no evidence of convergence of growth rates among states.

(50) Barro (1991) has presented a convergence theorem. It postulates that when the growth rate of economy accelerates, initially some regions with better resources would grow faster than others. But after some time, when the low of diminishing marginal returns set in, first growth rates would converge, due to differential marginal productivity of capital, and this in turn would bridge the gaps in the levels of income across regions.

(51) Mathew Joseph (2004) has tried to examine and understand the various facts of under performance of northern states in comparison with other regions and he has suggested the possible ways by which these states could improve their future economic and social performance.

(52) R. Kannan, S. Pillai, R. Kausaliya, and J. Chander have tried to examine the efficiency of Finance Commission awards in bringing about fiscal stability among the states. They have found wide inter state disparity in respect of transfers and suggest streamlining disbursement criteria on the basis of individual state characteristics rather than a general approach across states.

(53) Basanth Pradhan, P. K. Roy, Saluja and Shanta Venkatram in a research paper based on the then recent primary household level data obtained from a survey of income, expenditure, poverty measures for 1994-95 and human development indicators for 1996 in rural and urban India as a part of the project Micro Impact of Macro and Adjustment Policies (MIMAP). It is found in their study that there exist wide disparities in the levels of living in terms of economic and social indicators in rural and urban India. The comparison with the distribution with a similar survey conducted in 1975-76 shows the changes in the pattern of income distribution and the gap between the shares of income in rural and urban areas during the last two decades.

(54) Sureshbabu has observed that an examination of industrial activity and investment flows across states reveals that some states lag behind with low levels of activity and investments. This brings out the need for the states to be competitive, with a more realistic approach towards industrialization. The role of the state government is crucial in states where investments do not flow in. the states have to break a start of low level equilibrium induced by the perception of the investors caught up in a tussle between “historic vs. expectations”.

(55) Leela Visariya and Pravin visariya have tried to decompose the prospective population growth in 16 major states between 1991 and 2101 into three components to estimate the contribution of each of them individually. They have found that several states will find steady increase in the population and the number of the elderly in their population. There is a likely hood for new pressures for inter state migration because of difference in the density of population in land, development of infrastructural facilities and employment opportunities. Uneven development of the states with inflow of migration from poor to rich states is likely to aggravate the situation in the future.

(56) David Landes in his classic survey on world history has found that "the greatest single problem and danger facing the world of the third millennium is the gap in wealth and health that separates rich and poor".

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CHAPTER - 4

CHAPTER - 4

Profile of the States

India is a country composed of different states and union territories. Each state has its own locational characteristics and physical identity. After independence states were framed in the country largely on linguistic bases as well as cultural identity. It is the socio-cultural environment of the individual states that play key role in shaping the development of the states. It is therefore necessary to have a look at the historical and cultural elements underlying the formation of the states. With passage of time sentiments for language and culture has given way to the urge fore speedier economic development. Even today the demand for new states persists. Lastly we had Madhya Pradesh divided into Madhya Pradesh and Chhatish Gadh, Uttar Pradesh divided in Uttar Pradesh and Uttaranchal, and Bihar into Bihar and Zarkhand.

The issue of unevenness of development is looming large on the political horizon of the nation. It is in this regard that prior to examine the disparities between the states, an overview of these states makes sense. The description in follow-through for each of the states serves as background literature to analyse the disparities and understand the causes and consequential relationship.

4.1 Gujarat at Glance

The history of Gujarat goes back to 2000 BC. It is believed that Lord Krishna left Mathura to settle west cost of Saurashtra which later came to be known as Dwarka, the Gate Way. There after it saw various kingdoms mainly Mauryans, Guptas, Pratihars and others. Chalukya (Solankis) can be regarded as the pillars for progress and prosperity of the than Gujarat. Before independence the present territories of Gujarat used to be in two parts – The British and The Princely territories. With the reorganisation of the states, The Union of the States of Saurashtra and the Union Territory of Kuchha along with the former British

Gujarat became a part of the bigger bilingual State of Bombay. The present State of Gujarat came into being on 1st may 1960.

It is situated on the west cost of India. The state is bounded by the Arabian Sea on the west, Pakistan and Rajasthan on the North and Northeast respectively. Madhya Pradesh is in the Southeast and Maharashtra is in the South of Gujarat.

The state has an intensely hot or cold climate. But the Arabian Sea and the Gulf of Khambhat in the west and the forest-covered hills in the East soften the rigours of climatic extremes. The rainfall in the state, except in the arid zone of Surendra Nagar and North Gujarat varies between 65 and 127 CMs. The plains of Gujarat are watered by big rivers like Sabarmati, Mahi, Narmada and Tapi and by smaller rivers like Banas, Saraswati and DamanGanga.

Gujarat is not a homogeneous society of culture, as it is often understood to be. There are three sub cultures each with different ethos within the broader

framework of Gujarat culture, they are mainly the Mahajan culture of the central belt, the Semi Feudal culture of Saurashtra, and the Tribal culture in various parts of the state. Each has contributed differently to the development of the state.

Gujarat within a broad framework of national (Indian) culture is a regional culture, area having its own language, life style and literature. Gujarat is a generally known as a prosperous, progressive and peaceful state. Gujaratis are known as peaceful people. It is estimated that about of 40 percent of any new investment is by Gujaratis. It is also a highly urbanised state. Gujaraties are also known best the entrepreneurs in India and next only to Jews in the World. One will find Gujaratis in any corner of the world doing some business. Gujarat and Gujaratis are also known as more westernised and modernised than the rest of India and Indians.

The state is composed of 25 districts. As per the 2001 Census report there are 242 towns and 18544 villages.

From the agrarian point of view Gujarat ranks first in the country in the production of Cotton and Groundnut and second in the production of the Tobacco. Other important cash crops of the state are Isabgul, Cumin, Sugarcane, Mangoes and Bananas. Paddy, Wheat and Bajra are the chief food crops of the state. Jowar and Maze are produced in local areas. Valsad has become India's first integrated horticulture district, which is expected to boost exports of Vegetables, Fruits and Flowers from the country.

The state has 19.66 lakh hectors of land under forest. Forest species available in the state are Teak, Khair, Sadad and Manual Bamboos.

The industrial economy of the state is gradually diversifying with the development of industries like Chemical, Fertilizers, Engineering, Electronics etc… At the time of inception the industrial production of the state ranked 8th amongst the Indian states. There were around 2000 SSIs and around 3000 factories, mainly related

to Cotton and Food Production. As to location most of these industries were concentrated in the industrial pockets of Ahmedabad, Vadodara, Surat, Rajkot and Bhavnagar. Even with the resource limitations, Gujarat has been able to perform relatively better because of average productivity of labour, relatively higher value added per worker in agriculture, and effective utilisation of investeable resources. It is the industrial development, which has affected the states' domestic product picture. Major industrial estates came into existence between 1960 and 1968. Apart from the Chemical industry, the Cement and Soda ash has also obtained greater significant in the development of the state. Though in aggregate the state is one of the most leading states in India. However, all that glitters is not gold. One should not mislead by such development. Even today large track of Gujarat particularly in the North and East are not only underdeveloped, but have high concentration of people living below poverty line, apart from the integrated development efforts, special schemes for the promotion of development and welfare is also launched in the state.

Gujarat presents a unique case of globalisation among the Indian states. It has historically been linked with the international market through migration of businessmen and their family based interactions with the local entrepreneurial class. The expose of the state's economy to American as also the European market can, therefore is traced back to the pre-independence period. The rapid growth of manufacturing sector in the state, export oriented growth of economy, etc… can be attributed in no small measure to the exogenous factors and the capital brought in by the non-resident business community and their linked enterprises.

The state is the second most industrialised in the country. Similarly, it has also emerged as the second most important investment destination next only to Maharashtra. It is claimed that Gujarat has achieved this spectacular success because of its entrepreneurial endowment, progressive policies and political will of the government, pro active and efficient bureaucracy, conducive industrial relations, relatively well developed infrastructure, and its industrial structure.

The state is endowed with 1 major port, 11 intermediate ports and 29 minor ports, dotting its costal boundary.

The level of poverty varies significantly across the NSS regions within the state. The percentage of poor in rural areas was as low as 19 percent in Saurashtra, while it was as high as 47 percent in Kuchha in 1987-88. The figure in Central and South Gujarat was around 24 percent and in the Eastern region it was 8 point higher. The micro level studies refer to the fact that urban areas in Gujarat are absorbing a large number of poor migrants from rural areas, despite general reduction of poverty in the state and the slight deceleration in urban growth in current years.

Gujarat has registered a reasonably high rate of inter-state net male immigration both rural as well as urban areas during 1981-91. It is next only to Maharashtra. More importantly Gujarat is the only state where the rate of net immigration from outside the state has gone up significantly during the 1980s.

The state has responded well to the economic reforms sweeping the country. Consistent with the policies of Government of India, it is also undertook a serious exercise in economic reforms by setting up the State Finance Commission in 1992.

The state has made significant progress in improving the key health statistics, death rate, birth rate, infant mortality rate and life expectancy at birth. The state performance has been better as compared to India in these aspects. However, its achievements even in these key areas are far behind that of Kerala, a state with lower per capita income than Gujarat, but that has made the transition to medium human development level, while the rest of India remains in low human development category as per UNDP human development index.

In respect of fiscal strength it can be said that Gujarat is among highest taxed states in India, where as in terms of non-tax revenue per head of population is ranks among the lowest. Various studies have also revealed the fact that the

recovery rate on all public services in the state is quite low compared to the national average of 10 percent. The recovery rate of non-departmental undertaking in Gujarat is considerable high than the national average.

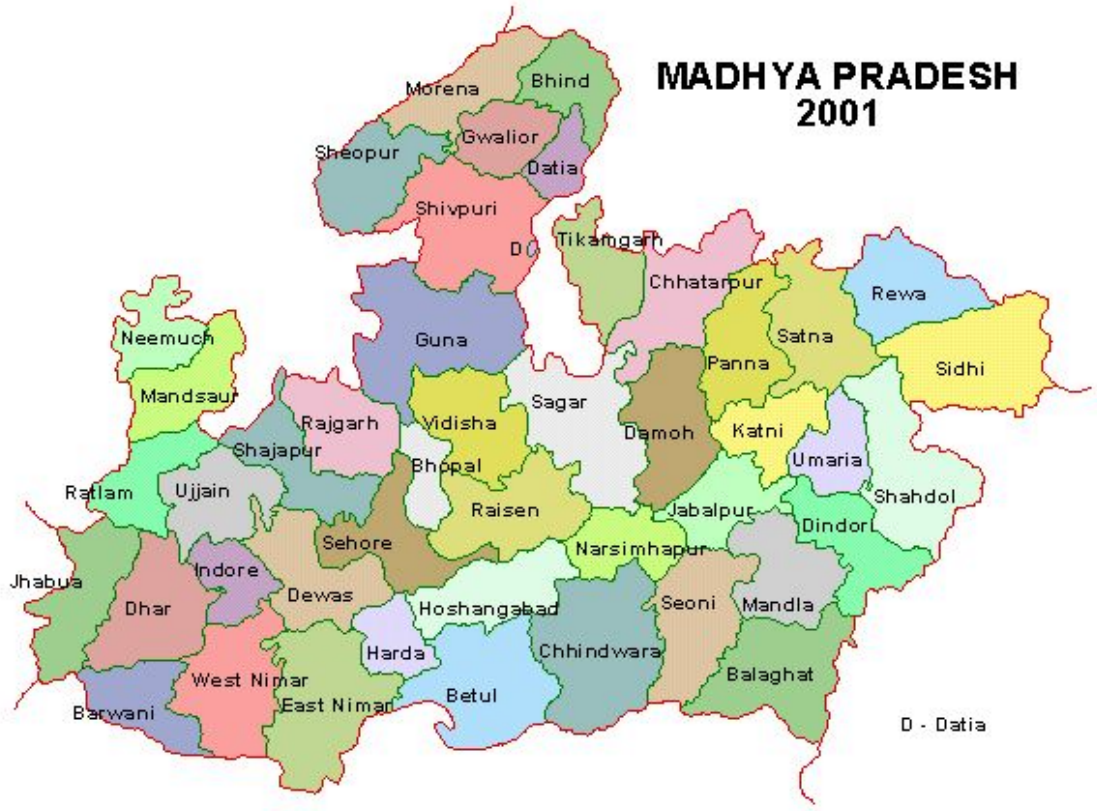
One important parameter in respect of the development of the economy is the role of Non Governmental Organisations. The philosophy of the market economy basically gives rise to the top-down approach. It also tends to influence planners and thinkers who do not have access to grassroots assessment. It is here that NGOs have crucial role. NGO invites in the area of awareness, mass mobilisation and organisation around critical issues are likely to lead towards better problem identifications and solutions that involve the active participation of the local population. Gujarat has had a long tradition of voluntary work. Gandhian influence in social reconstruction and the continuing philanthropic activity has helped Gujarat in covering a relatively large field for development related activities.

4.2 Madhya Pradesh – An Overview

Madhya Pradesh is centrally situated state of the country. King Ashoka first of all ruled over Ujjain. A sizable portion of a central India was part of the Gupta Empire (300-500 AD). In the beginning of the 11th Century the Muslims came into Central India. Historically, in the Muslim kingdom a part of Central India was incorporated in Delhi territory. Later on Marathas also took over the part of Central India. Some famous names in respect of the administrative history of Madhya Pradesh are worth to be noted here. They are like Madhavji Sindia, Queen Ahalyabai Holkar, Maharani Kamala Devi and Durgavati.

The state of Madhya Pradesh was formed on Nov. 1, 1956. Any understanding of economy of Madhya Pradesh has to begin with realisation of the geographical diversity of the state. It would perhaps be correct to state that Madhya Pradesh is not a single geographical entity. Going by river basins alone this state has the unique distinction of draining into the Ganga, the Bay of Bengal and the Arabian Sea. No other state has such a diverse river system. The state is surrounded by

seven states. There Rajasthan on the north-west, Uttar Pradesh on the north, Bihar on the north-east, Orissa on the east, Andhra Pradesh and Maharashtra on the south, and Gujarat on the west. The area of the state is 30800 Km^2. As per the Census report of 2001 there 45 districts in the state, 394 towns and 55392 villages. Prior to the formation of Chhatishgarh state, Madhya Pradesh was the largest state. Madhya Pradesh presents a picture of backwardness, which is the whole mark of its economy. The state is very rich in natural resources like water, land, forest and minerals.



The economy of the state is primarily agriculture base. Nearly 80 percent of population live in villages. The state has aggregate total cultivated area of 44.20 million hectors, of which 28.6 million hectors are irrigated. There is rich black cotton soil in Malva, while Gwalior, Bundelkhand and Narmada vaily is formed of deep rich alluvial deposits. The state is leading producer in Oilseeds, Pulses, Soya bin, Gram and Linseed. Wheat, Rice, Jowar, Sugarcane, and Cotton are

the other principal crops. In aggregate on agricultural front the state is a marginally surplus one. It is not because of high yield but because of the crippling population pressure. It is also found that there is potential for low irrigation because of the topography of the state. Even with fullest harnessing of water resources a sizable area would remain uncovered under flow irrigation. While many parts of Madhya Pradesh is draught prone the nature of draught is very different from that in Rajasthan and Gujarat. Eccentric distribution of rain rather than a total failure of the monsoon is the problem of the state.

Though the state is endowed with rich and varied mineral and forest resources which can provide a basis for the development of a number of forest based and metal based industries as well as thermal power and a network of anciliarisation, the state is reckoned amongst industrially less developed states of India.

The industrial core of the economy of the state seems to consist of generation of power, iron and steel, electrical machinery, paper, cement and textiles. With iron and steel industry occupying first rank in respect of contribution to value added by manufacture, textile occupying the second rank, followed by electrical machinery and equipments. It is found that in context of its percentage share in fixed capital textile industry has lost its relative position, it still occupies first rank in terms of share in total employment. Between 1960 and 1975 there had been changes in the composition and ranking of dominant industries. The industrial development of the state is not well distributed geographically. In the erstwhile Madhya Pradesh in the beginning of the 1990s out of 45 districts of the state only 12 has some major industrial development.

Infrastructure can be regarded as one of the major bottlenecks influencing the backwardness of the state. The state being thickly populated with the tribal people, backwardness is more intense. The state has very high population of scheduled tribes and relatively high proportion of scheduled cast. The rate of literacy is found to have exceptionally high growth in the last decade. Looking at the pattern of the investment, it is reflected that the priority is not paid due

attention as per the pattern of planned outlay in the five years plans of the state. In the 2nd five-year plan of the state the percentage of total outlay on social services was 27.4 percent, which declined 16.3 percent in the 7th plan, while on production sector there was corresponding rise from 72.5 percent to 84.79 percent. The percentage share of agriculture, community development and co-operation has also declined from 28 percent in the 4th plan to 11.11 percent in 7th plan. In aggregate irrigation and power have received the highest allocation in all the five-year planes. Industry and mining have received a very low share of total outlay. Since, industrial development is taking place in the private sector, public expenditure on this sector is intended to provide infrastructure and necessary incentives to the private sector. Among social services the percentage share of education has declined from 10.8 percent in the 2nd plan to 3.1 percent in the 7th plan, while on public health it has largely fluctuated between 6 to 7 percent of the total outlay.

Till 1990, Madhya Pradesh occupied 10th rank amongst 17 major states of India in respect of growth rate. Punjab, Haryana, Maharashtra, Jammu & Kashmir, and Gujarat occupied the first five ranks. The state had recorded a growth of 3.4 percent per annum between 1970-71 and 1984-85 as against 3.89 percent in the Indian union. In respect of per capita income growth Madhya Pradesh occupied 9th rank with a growth rate of 1.15 percent per annum as against 1.43 percent of India.

From the sectoral point of view, the fastest growing sector is the service sector. The share of physical goods sector in NSDP had come down from 76.8 percent in 1970-71 to 67.3 percent in 1984-85, while that of services increased from 23.1 percent to 32.7 percent. In other words, the declining share of primary sector has not been compensated for by increase in the share of secondary sector as expected, but by increase in the service sector. This can be regarded as a case of mal production than of healthy growth. It is also observed that because of the absence of regional planning and micro level planning terms has failed to emerge as growth centers for their respective hinterlands and rural-urban linkages have

not been strengthen. The rural economy especially prior to reforms period continued to be less diversified and more exploitative. It continues to push out the rural educated and the rural unemployed to urban centers in search of employment and better living.

The most important feature of the state is that it is still free from type of local chauvinism, which seems to be the bane of many other states. There is no “Bhumiputra” concept here and all Indians are welcomed. This is a major factor, which favour the rapid development of the state.

4.3 Maharashtra – The Summary

The evolution history of Maharashtra begins from the Satavahans (230 BC – 225 AD). They were the founders of Maharashtra and left a rich heritage of literacy, epigraphic, artistic and archaeological evidence. Thereafter, there came Vakatakash, who establish strong empire. In the later part there came the

Chalukyas followed by Rashtrakutas and Yadavas. Shivaji is regarded as the strongest leader with visionary insight. His noble and glorious stalled the Mughal advances in that part of India. The state was in the forefront in freedom struggle and it was here that the Indian National Congress was born. A galaxy of leaders from Mumbai and other cities in Maharashtra led the congress movement under the guidance of Tilak and then Mahatma Gandhi. Maharashtra was the home of Gandhiji's movement, while Sevagram was the capital of Nationalistic India during the Gandhian era. The administrative evolution of the state of Maharashtra is the outcome of the linguistic reorganisation of the states of India, affected on 1st May 1960. The state was formed by bringing together all contiguous Marathi speaking areas. Located in North-centre of Penisular India, with the command of Arabian Sea through its port Mumbai Maharashtra has remarkable physical homogeneity, enforced by its underlying geology. The state is bounded by the Arabian Sea in the West, Gujarat in the Northwest, Madhya Pradesh in the North and East, Andhra Pradesh in the Southeast and Karnataka and Goa in the South.

Mumbai is the capital of the state, and Marathi is the main language. There are 35 districts in the states, 378 towns and 43722 villages. The area of state is 307.713 Km^2. Demographically the state is one of the most thickly populated states in India. Sex ratio in the state is found to have continuous decline. There is 22.57 percent decadal growth of population. Maharashtra is a highly urbanised state in India. Migration, which accounts for a substantial percentage of the state population, has been on the increased. A very large percentage the immigrants to the state have gone to Greater Bombay. The rate of growth of per capita income between 1960-61 and 1985-86 (at 1970-71 prices) was 1.63 percent per annum. For the period of 1964-65 to 1983-84 it was 2.10 percent.

Maharashtra is one of the agro-based states of India. However, it is the least productive. As per the 1981 report the primary occupation of 62 percent of the working population was agriculture, but it produced about 26 percent of state income as compared with about 35 percent of India. The smaller proportion of

net income from agriculture in comparison with India reflects in part the relatively high degree of industrial development in the state. The lower proportion of agriculture is also due to low productivity of land. Even in the years of the good monsoon the value added per hector was considerably lower than that for All India.

In the state, soil, topography and climate have led to a crop pattern of low valued crops with relatively low yields for most of the important crops. Nearly, a third of state is falls in rain shadow area where the rains are not only scanty but also iritic. It is the topography of the state, which works as constraint for the creation of extensive irrigation facility. In irrigation the state is far bellow the national average. More than 85 percent of the gross cropped area in the state is totally dependent on rains. As a result, the crop pattern of the state is dominated by Jowar, Bajara and such other low valued crops. Among food grain sizable percentage of high value crops like Rice, Wheat and Gram is under irrigation. But, this crops accounts for hardly a fifth of the area under food grain. Very little portion of area under Cotton and Groundnut is irrigated. In the first two decades of development of agricultural production increased at the rate of 3.91 percent over the period. There is relatively unevenness found regarding agricultural production within the state.

With agricultural land remaining almost the same over the years, the pressure of rural population on agriculture has resulted in an increase of small holders.

Co-operation has played key role in the development of state. Apart from the primary agricultural credit co-operative societies, the state is also known for marketing co-operatives, milk co-operatives and co-operative sugar factories.

The area under forest is also gradually declined. The main forest areas are Yavatmal, Chandrapur region to the east, Satpuda in the north and the Western ghats. About 60 percent of the forest area is largely productive one. Forests are the only source of timber and a major source of firewood in the state.

With regard to the fisheries, Maharashtra has a cost line of about 720 Km., and rivers of about 3.2 thousand Km. length. The area suitable marine fishery is 80 thousand Km^2. As compared with marine fish production that of inland fishing is quite small. As per the report of Second Economic Census of 1980 there were 16.88 lakh non-agricultural enterprises in the state employing 64.85 lakh persons. Of these enterprises, 5.82 lakh were establishments employing 49.12 lakh persons. Manufacturing sector usually accounted for 37 percent of non-agricultural enterprises and 40 percent of the employment in them. The state is known to be the first ranked state in India in factory employment. The rate however declined after 1981 mainly because of the prolonged strike in cotton textile industry in Greater Bombay, Thane and Poone. On one hand textile and cotton becoming weak but on the other hand transport equipments and parts began to rise. The Greater Bombay region, Poone, Thane and Raygadh district is predominantly industrial areas. However, with government's special motivational efforts the other areas also now coming in light. The state is one of the most leading states in electricity. In the year 1984-85 it accounted for 15 percent of the installed capacity, 16 percent of generation and 17 percent of consumption in the country. In aggregate compared with India, Maharashtra has a very high per capita consumption of electricity.

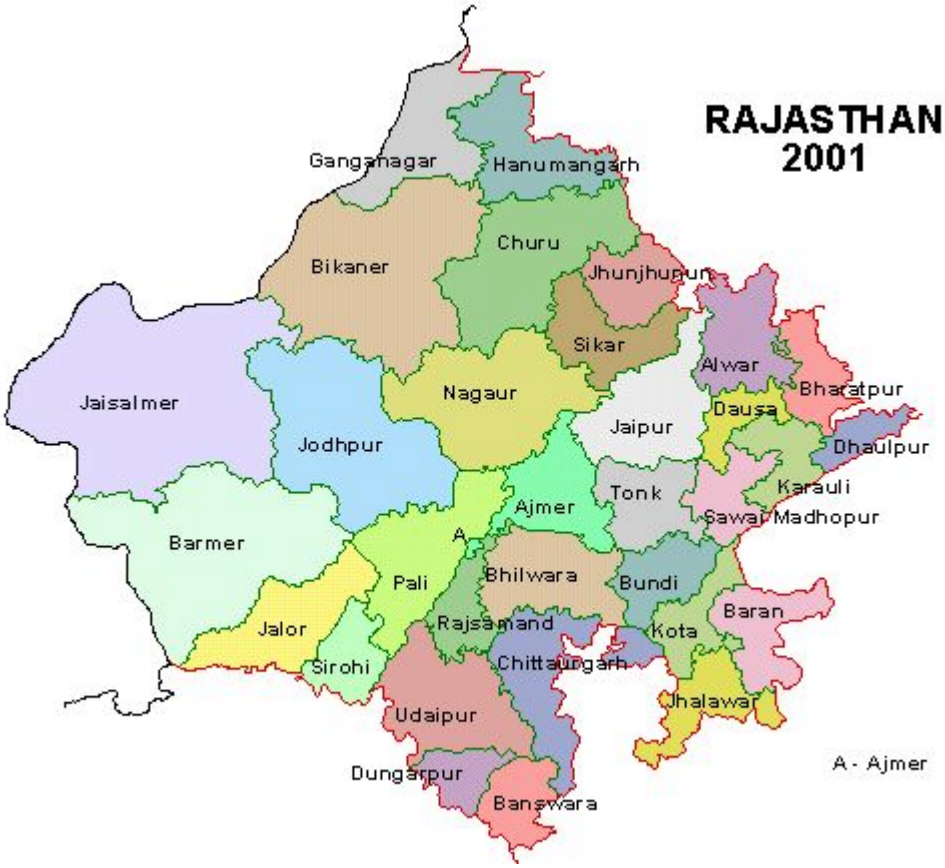
In comparison with India the road length in the state is found higher. Maharashtra stands within the first seven states in India in this respect. With regard to the railway root the distribution is found uneven. Nasik, Poone, Amrawati and Nagpur divisions of the state are relatively well served by railways. However, in the recent past Konkan railway has attained greatest significance all over the country because of the private partnership and modern technology applied. There are 48 minor ports in the state, 6 of which serve the passenger transport. Banking sector is also relatively well developed in the state. Education, Health, Family Welfare are the social sectors for which government has paid the attentions. There is however distinct gap is found in respect of social service provisioning in rural and urban Maharashtra. Expenditure on social service is major component of development expenditure. The major item of expenditure on revenue account is

education. The other developmental service that claimed substantial expenditure is agriculture and allied activities. Capital expenditure outside the revenue account is mostly on developmental services. By and large economic services share the largest portion of the capital expenditure.

In respect of plan expenditure, since 7th five Year Plan the main thirst is given on creating infrastructure. The fiscal positioning of state in general was found much better during the period of 1970 to 1990, which there after began to deteriorate.

There has been a continued feeling of imbalance in development among different regions of the state. The government had appointed a Fact Finding Committee on regional imbalances under the Chairmanship of Prof. V. M. Dandekar. Several measures have been undertaken as part of the follow-up action to the report.

4.4 Rajasthan – General Economy



Rajasthan one of the largest states in India was known as Rajputana or the home of Rajputs – a martial community who ruled over this area for Centuries. The history of Rajasthan dates back to the pre-historic times. Around 3000 and 1000 BC, it had a culture like that of the Indus vailey civilisation. They were the Chauhans who dominated Rajput affairs from 7th Century and by 12th Century they have became an empirical power. Besides, Mevad the other historically prominent states were Marvar, Jaipur, Bundi, Cota, Bharatpur and Alvar.

With the introduction of provincial autonomy in 1935, in British India, egitation for civil liberties and political rights became stronger in Rajasthan. The process of uniting scattered states began with Matsya Union in 1948 and ultimately in 1958 the present state of Rajasthan formally came in to being.

Rajasthan is one of the border states of India, sharing India's frontiers with Pakistan on the West and Northwest. The state is bounded by Punjab on the North, Haryana and Uttar Pradesh on the Northeast and East, Madhya Pradesh on the South and Gujarat on the Southwest.

This state is one of the few states of India that show great contrast from one area to another. This disparity is noticeable in climate, soil, vegetation, and mineral resources etc. The state may be divided in to six regions: 1) western arid region 2) semi arid region 3) south-eastern region 4) Chambal region 5) Aravalli region and 6) eastern region.

Rajasthan is basically facing historical, natural and man-maid problems. Historically Rajasthan had the worst kind of feudalistic, economic, political, social and cultural structure. When the state was formed there was practically no administrative and infrastructural development was perhaps at the lowest level in India. The feudalistic, cultural, social and behavioural trades are still dominant with effect that innovative changes are looked down.

From the natural point of view Rajasthan has got great physical and climatic variations. Rainfall is low with high temporal instability. Sub-soil water is limited.

There are great distances especially in west and north Rajasthan. Therefore the socio-economic infrastructure is high cost intensive. The man-made problems of development in Rajasthan are not noticed at great length. It is true that Rajasthani people are great entrepreneurs and hard working people, yet unfortunately the state right from the inception did not provide a strong development oriented leader. Most of the development efforts in the state are bureaucratic efforts. It is therefore observed that planning efforts lake perspective as well as technical competence, political understanding and will.

The state is having 342.239 Km^2 areas. Because of the bifurcation of Madhya Pradesh now the state has become the largest state of country. There are 32 districts, 229 towns and 41353 villages. The state is largely having 76.62 percent rural population, and 23.38 percent urban population. As per the last Census report there is 28.33 percent decadal growth variation in the total population of the state.

The state in respect of economic development is lagging far behind to that of other states. Per capita domestic product of state in fact declined in Rajasthan between 1970-71 and 1982-83 from Rs. 620 to Rs. 597 where as the same had increased in India from the level of Rs. 633 to Rs. 712. The rate of growth was only 0.3 percent per year during the period 1960-80. Thus the gap between Rajasthan and India as whole has widened. In fact this relative deterioration has been the sharpest in case of Rajasthan among the seven northern region states. The period of first three decades clearly reflected that the relative position of the state was also deteriorating.

The total cultivable area is 274.71 lakh hectors and irrigated area 53.50 lakh hectors. The principal crops are Jowar, Bajra, Wheat, Grams, Oilseeds, Cotton, Sugarcane and Tobacco. Though, Rajasthan's performance in agriculture is not so dismal and per capita income originating in agriculture is above the national average, still the relative position even in agriculture has deteriorated. Per capita value added in agriculture in the state as percent of the All India had declined

from131 to 110 during the period 1970-71 to 1981-82. A deficit state in the food grains in the pre-independence years, the state achieved an all time high in farm yield in 1967-68. The declining growth in agriculture is largely the result of the very low rate of development of agricultural infrastructure in the state.

Endowed with a rich culture, Rajasthan is also rich in minerals and is fast emerging on the industrial scenario of the country. The state has rich deposits of Zinc concentrates, Emerald, Garnet, Gypsum, Silver ore, Asbestos, Phelspar and Mica. The state also abounds in Salt, Rock Phosphates, Marble and Red stone deposits. The first export promotion industrial park of the country has been established and made operational at Sitapura (Jaipur). Textiles, Rugged and Woollen goods, Sugar, Cement, Sodium, Oxygen and Acetylene units, Pesticides, and Dyes are some of the major industries. About 1.70 lakh small scale industrial units with capital investment ranging about Rs. 1423.33 crores give employment to about 6.51 lakh people. Rajasthan handicrafts are famous all over the world. The state position with regard to the manufacturing sector was found slightly improved the proportion of domestic product originating in manufacturing sector from 12.86 percent in 1970-71 to 14.93 percent in 1982-83. However, per capita domestic product, which was 55 percent of All India level in 1970-71, had declined to mere 40 percent after a decade. This could be attributed to the factors like poor industrial infrastructure and negligence on the part of State and Central Governments. In fact the contribution of registered manufacturing during the first two decades was as low as 4.3 percent of SDP at constant prices. The first three decades development reports clearly indicates the fact that the economic structure of the state did not show any significant change in the right direction.

Total power generation was reported as 11.96 billion Kw. in the year of 1999. Per capita consumption of electricity was 329 Kw. In the context of initial lag in Rajasthan’s development, it was expected that relatively bigger and sustained efforts would be undertaken by the State and Union Territories. Actually, quite the opposite has happened. While actual plan expenditure at current prices had

increased many folds in the advanced states, it had only crawled up in the backward states, particularly in Rajasthan. Per capita plan expenditure at current prices increased in Rajasthan from Rs. 120 in 4th plan to Rs. 612 in 6th plan. Infrastructural development is the basic perquisite for the development. As stated earlier because of geophysical conditions the cost of infrastructure development is naturally higher in Rajasthan than in the other States. Irrigation, transportation and electrification demand huge financial resources. In that regard also Rajasthan was at the bottom. At the end of 6th five-year plan per sq. km. plan expenditure at current prices in Rajasthan was Rs. 60981. It is also found that with few exceptions, increase in plan outlay in Rajasthan has fallen short as the same in the case of India as a whole in each of the plan. At the end of 6th five-year plan, regarding Central Govt. expenditure in public sector undertaking was also very poor. Rajasthan's share was only 2.5 percent, where as the share of Bihar, Madhya Pradesh, West Bengal and Maharashtra was 27.2, 16.2, 8.3 and 6.8 percent respectively.

It is only the last decade that much improvement is found in respect of education, Rajasthan is one of the states where the literacy rate in general of one of the poorest till 1991 Census, but it has considerably improved during the last decade and as a result the state performed much better and higher than the progressive states like Gujarat and Maharashtra. However, drawbacks still persists especially in respect of female literacy. There is higher level of unevenness found in respect of the level of development between the districts of the state.

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CHAPTER - 5

CHAPTER - 5

STATES' SCENARIO – ANALYSIS OF DIFFERENT INDICATORS

This chapter is core part of the research work. In light of background picture depicted in the previous chapter, the present one is detailed exposition of the current scenario of the states. Some historical facts are narrated in the previous chapter. This chapter largely concentrates on analysing the performance of sample states in view of different broad economic and social indicators. Entire data collected, compiled and analysed are largely and mainly covering the period of economic reforms. There persists strong debate globally as well as nationally regarding the changing dimensions of new world economic order. From amongst he several variables challenging the objectivity and relevance of the reforms, one put forward before the society is regarding the effects of reforms measures on equality aspects. Detailed studies have been made time to time reflecting the debate over efficiency-equity relationship in the development process. It is in this regard that the process of reforms popularly known as liberalisation, privatisation and globalisation is strongly challenged.

This chapter provides some key indicators reflecting the real economic and social development, which has in its background the implementation of reforms. An attempt is made to review the situation through various indicators and to work out the actual gap that is prevailing in respect of the different variables. It is the change in the growth, gap, max-min ratio, which connotes the status of balance being visualised at the state level in context of national average. It is the point, which highlights the level and nature of imbalances that is found between the states.

To review and examine the status of balance with regard to the process of reforms, data is collected and compiled providing the status of the economy from different angles. Data analysis in follow through consists of the two broad

categories: (1) comparative analytical picture of the states and (2) factors influencing the disparity.

5.1 Comparative Analytical Picture of the Sample States

In the first part of the data analysis demographic variables have been examined. The analysis may focus largely on the reforms period, it in aggregate provides the back data wherever it is found required and available. Having a look at the demographic scenario, the second part refers to the domestic product status. It reflects gross, net and sectoral scenario. With making an overview of the state domestic product it is there after analysed from the different sector point of view. Therefore the third part indicates various parameters pertaining to agrarian economy of the states, which by and large expresses the level of imbalances. In the forth section efforts are made to enquire in to the industrial economy of the states. This mainly refers to the numbers of registered units, employment, output, value addition, investment and small scale sector. The fifth part of the data analysis emphasis on various infrastructural indicators. It is highlighted in terms of road connectivity, railway, electrification, telecommunication and banking. Sixth part is of crucial significance. It expresses the status of various states in respect of the broad indicators of human development. As a part of social sector it examines the level and nature of education, health and water supply. Seventh part carries significance from net development point of view. Under this section the relative picture of poverty, nutrition, and consumption expenditure is measured. Eighth part directly refers to human resource planning. It is presented through measuring the growth of employment and incidence of unemployment. Ninth section has special weight and significance in respect of the research work. It is the section, which clearly manifests the level and tendency of government expenditure towards different sectors of economy. The last but not least important part of this section is the consolidated ranking of the sample states on the basis of examined variables which in aggregate highlights the nature and range gross disparity which can be partly regarded as the outcome of the reforms measures.

5.1.1 Disparity in Demographic Indicators

This part reflects the status of population that prevailed over the different decades in the sample states.

Table – 5.1

Population and its growth, India : 1901 - 2001

Census Year	Population	Decadal Growth		Change in Decadal Growth		Average annual exponential growth rate (percent)	Progressive growth rate over 1901 (percent)
		Absolute	Percent	Absolute	Percent		
1901	238,396,327						
1911	252,093,390	13,697,063	5.75			0.53	5.75
1921	251,321,213	(772,177)	-0.31	(14,469,240)	-6.05	-0.03	5.42
1931	278,977,238	27,656,025	11.00	28,428,202	11.31	1.01	17.02
1941	318,660,580	39,683,342	14.22	12,027,317	3.22	1.30	33.67
1951	361,088,090	42,427,510	13.31	2,744,168	-0.91	1.22	51.47
1961	439,234,771	78,146,681	21.64	35,719,171	8.33	1.98	84.25
1971	548,159,652	108,924,881	24.80	30,778,200	3.16	2.27	129.94
1981	683,329,097	135,169,445	24.66	26,244,564	-0.14	2.26	186.64
1991	843,387,888	160,058,791	23.42	24,889,346	-1.24	2.15	253.78
2001	1,027,015,247	183,627,359	21.77	23,568,568	-1.65	2.00	330.80

Source : Census of India, Series-1 Provisional Population Totals, Page No. 34.

Table – 5.1 indicates population and its growth in aggregate India. It refers to the entire century period that is from 1901 to 2001 census data. The fact, which can be highlighted from this table, is that in the beginning of census operations that is prior to independence period there prevail fluctuations in percentage decadal growth. From 1951 onwards till 1971 census the decadal growth in percentage was found continuously increasing and after 1971 that is in the last three census operations there is found declining decadal growth in percentage. However, when decadal growth in percentage examined in respect of the change it is found that highest increase in percentage was found between 1921 and 1931. This change in decadal growth in percentage was found minimum in the 1981 census. There after in the last two census operations change in decadal growth in percentage tends to have continuous increasing rate in falling in percentage.

Table also highlights average annual and exponential growth rate in percentage. According to this it was highest in 1971 census and it was lowest and negative in 1921 which may be largely attributed to sever drought years and spread of epidemics. This rate also is found to have declined continuously in the last three census operations. One interesting picture is available in respect of the progressive growth rate over the base year of 1901. This rate in percentage is found clearly increasing and that in the last three operations it is found to have increased at increasing rate. Thus, the table in aggregate reflects that total population is still increasing though there is phenomenal change in the percentage rate of increase. It can be concluded from the table that the population increased at a declining rate, however that rate of decline is not that matching with the other developed countries of the world and more importantly that rate again varies sharply between the states.

Table – 5.2

Per Cent Share of State in India's Population

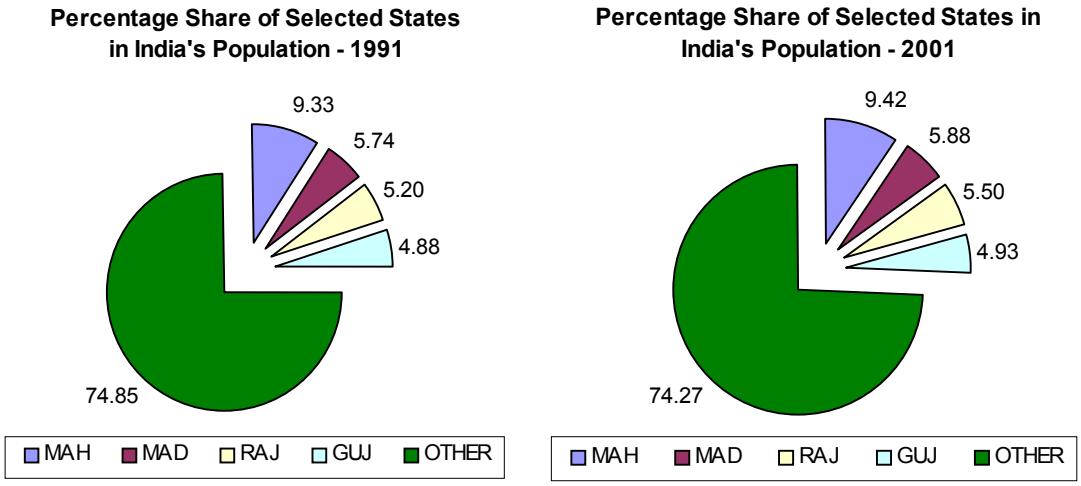
States/ India	Census Year	Rural			Urban			Combined		
		Male	Female	Persons	Male	Female	Persons	Male	Female	Persons
GUJ	1981	4.45	4.49	4.47	6.55	6.75	6.64	4.95	5.00	4.98
	1991	4.28	4.33	4.30	6.50	6.60	6.55	4.86	4.90	4.88
	2001	4.27	4.27	4.28	6.69	6.54	6.62	4.96	4.89	4.93
MP	1981	7.90	7.94	7.91	6.61	6.65	6.63	7.59	7.65	7.62
	1991	8.07	8.11	8.09	7.05	7.05	7.05	7.80	7.84	7.82
	2001	6.03	5.91	5.97	5.65	5.64	5.64	5.92	5.84	5.88
MAH	1981	7.62	7.91	7.76	13.98	13.54	13.77	9.15	9.18	9.16
	1991	7.57	7.84	7.70	14.18	13.88	14.03	9.30	9.36	9.33
	2001	7.46	7.57	7.51	14.58	14.15	14.37	9.47	9.36	9.42
RAJ	1981	5.20	5.09	5.15	4.52	4.51	4.51	5.04	4.96	5.00
	1991	5.45	5.34	5.40	4.66	4.59	4.63	5.25	5.15	5.20
	2001	5.87	5.79	5.83	4.66	4.60	4.63	5.53	5.46	5.50
Max/Min	1981	1.77	1.77	1.77	3.10	3.00	3.05	1.85	1.85	1.84
	1991	1.88	1.87	1.88	3.04	3.03	3.03	1.91	1.91	1.91
	2001	1.75	1.77	1.76	3.13	3.08	3.11	1.91	1.91	1.91

Source : Census of India 1981, 1991 and Provisional Population Results—Census of India 2001, RGI, New Delhi.
NHDR 2001 Page No.266.

Table – 5.2 depicts the picture pertaining to the population data of the last three censuses. It reflects present share of the states in India's population. It is

classified both in rural, urban and aggregate as well as male, female and persons. At the end of the table Max/Min ratio is also worked out. Looking at the table following broad inferences can be made.

CHART - 1



(i) The combined percent share of states in India's population when examined reflects that in all the three census years combined in persons is found highest in Maharashtra in comparison with the other three states namely Gujarat, Madhya Pradesh, and Rajasthan. It is not only found highest but that percent share is also found increasing of Maharashtra in relation to other states.

(ii) Rajasthan has the lowest percentage share in combined persons. However, like Maharashtra in Rajasthan too that percentage share is found to be increasing.

(iii) Unlike the previous two states in Gujarat and Madhya Pradesh that share indicates fluctuating trends from the temporal point of view. It is found in Madhya Pradesh combined percent share had increased in 1991 census in relation to the census year 1981, but that share declined at a greater level in 2001 census. While coming to Gujarat it is reflected otherwise. In 1991 census there was declining trend in combined percent share in persons but

in 2001 census the same share has increased. In other words the total population in aggregate of the state is increased more in 2001 census than that had increased in 1991 census.

(iv) Percent share of the states in respect of rural and urban classification when examined, it reveals that percent share of urban population in India's population is again found maximum in Maharashtra state. The trend clearly express the fact that percent share of urban persons in Maharashtra is continuously increasing and that change in the rate of increase is also more from the temporal point of view (+8).

(v) This trend of percent share of urban persons in India's population is again found lowest in Rajasthan and increase in that share is almost nil from the percentage point of view in the last census operation.

(vi) Coming to the state of Gujarat it is revealed from the table that the percent share of urban persons indicates fluctuating trend – falling percentage rate in 1991 and increasing in 2001. In Madhya Pradesh the fluctuation is found otherwise. It is found increasing in 1991 but falling in 2001. This phenomenal change particularly in the state of Madhya Pradesh can be largely on the ground of the state's bifurcation in to Madhya Pradesh and Chhatisgadh.

(vii) Percentage share of rural persons also indicate the same trend as long as the change is concerned in all the four states. However, it is found continuously declining in Maharashtra and Gujarat. While it is found increasing in Rajasthan. It could have been same in Madhya Pradesh looking to the share change in 1991 to 1981, but for its bifurcation into the state of Madhya Pradesh and Chhatisgadh in 2001 census, it looks otherwise.

(viii) From the sexual composition perspective it is found that the combined percentage share of state in female population of India, it indicates an

increase in percentage share in the state of Maharashtra in the previous census but that share is stationary in 2001 census. However, from amongst the four sample states it is maximum again in Maharashtra. Female percentage in combined reveals that in the state of Gujarat it is continuously declining, though the rate of decline in percentage point was not much in the last census in comparison with previous census of 1991. The same indicator in Rajasthan expresses continuous increase and more surprisingly rate of an increase is found continuously more, that is (.19) percentage point in 1991 and (.31) percentage point in 2001. In the state of Madhya Pradesh also combined percent share of female had increased in 1991 over 1981 by (.19) percentage point, which declined in 2001 census by about (2.0) percentage.

(ix) When female percentage share of the states is examined from locational angle the following picture is available. In the state of Maharashtra percentage share of urban female in India's population is not only higher than the other three states but it is continuously increasing from the temporal point of view. In Gujarat the picture is otherwise. Percentage share of female urban population is continuously declining in Gujarat. In the state of Rajasthan that share is found minimum from amongst the four states, though it is found increasing. While in the state of the Madhya Pradesh it was found increased in 1991 census but again falling in 2001 census.

(x) In case percentage share of rural female Maharashtra stands foremost from amongst the sample states. But, an important noteworthy fact is that unlike percentage share of urban female that in rural female the share of Maharashtra is found to have declined in every census year over the previous census. Gujarat is the state which falls lowest in the rural female percent share category and from temporal point of view also its share is continuously declining. Rajasthan demonstrates uncommon feature in terms of its rural female percentage share being increased in the census years.

While in Madhya Pradesh the trend is found to be increasing in 1991 and declining in 2001.

(xi) Coming to male percentage share in combined the state of Maharashtra stands foremost with increasing trend in percentage share. Rajasthan also indicates aggregate male share in percentage increasing. Gujarat expresses the lowest male percentage share from amongst four states and also falling in 1991 and again increasing in 2001 census. In Madhya Pradesh the trend is found otherwise, increasing in 1991 census and falling in 2001 census. Urban male percentage share is again found increasing and maximum from amongst the four states in Maharashtra. Gujarat indicates falling urban male percentage share in 1991 census but again increasing in 2001 census. In the state of Madhya Pradesh 1991 census indicates rise in its percentage share but fall in the census 2001. Urban male percentage share is found lowest in Rajasthan in comparison with other three states though the trend indicates an increase in 1991 census and stationary in 2001 census.

(xii) Rural male percentage share is found more in Maharashtra than the other three states. However, that percentage share connotes continuous decline as per the census data. Unlike Maharashtra. It is found continuously increasing in the state of Rajasthan, while in Gujarat it is found maximum and declining. Where as in Madhya Pradesh it is revealed that the share is increased in 1991 census and falling in 2001 census.

(xiii) In aggregate it can be summarised that from amongst the four states Maharashtra is the leading one as long as the percentage share is concerned and Rajasthan is lagging far behind to the state like Maharashtra. However, the gap in percentage share if examined between the states it is found highly widened as per 2001 census between Gujarat and Maharashtra in male, female, persons and combined. The gap is also widened in case of urban and rural population too between Gujarat and

Maharashtra. The two relatively backward states Madhya Pradesh and Rajasthan does not present the gap as much widened between them as it is reflected between Gujarat and Maharashtra. It can be also summarised from the table that gap in percentage share in female population is found more between the states like Gujarat and Maharashtra unlike that what is found between the states like Madhya Pradesh and Rajasthan. Gap is also found between rural and urban population percentage share within the states from the temporal point of view and between the states. In the last portion of the table an attempt is made to workout aggregate disparity in terms of Max/Min ratio. It is revealed from this portion that the aggregate disparity is found to have increased over the census 1981 but has remained constant between 1991 and 2001. Though that ratio indicates more disparity in urban female in the last census and the same is found in rural female. The disparity is found more in rural male to urban male.

Table – 5.3

Decadal growth rate of population

(In Percent)

State/ India	1901-11	1911-21	1921-31	1931-41	1941-51	1951-61	1961-71	1971-81	1981-91	1991-01
GUJ	7.79	3.79	12.92	19.25	18.69	26.88	29.39	27.67	21.19	22.48
MP	12.38	-2.40	10.21	12.06	8.38	24.73	29.28	27.16	27.24	24.34
MAH	10.74	-2.91	14.91	11.99	19.27	23.6	27.45	24.54	25.73	22.57
RAJ	6.70	-6.29	14.14	18.01	15.20	26.2	27.83	32.97	28.44	28.33
INDIA	**5.75**	**-0.31**	**11.00**	**14.22**	**13.31**	**21.64**	**24.80**	**24.66**	**23.86**	**21.34**

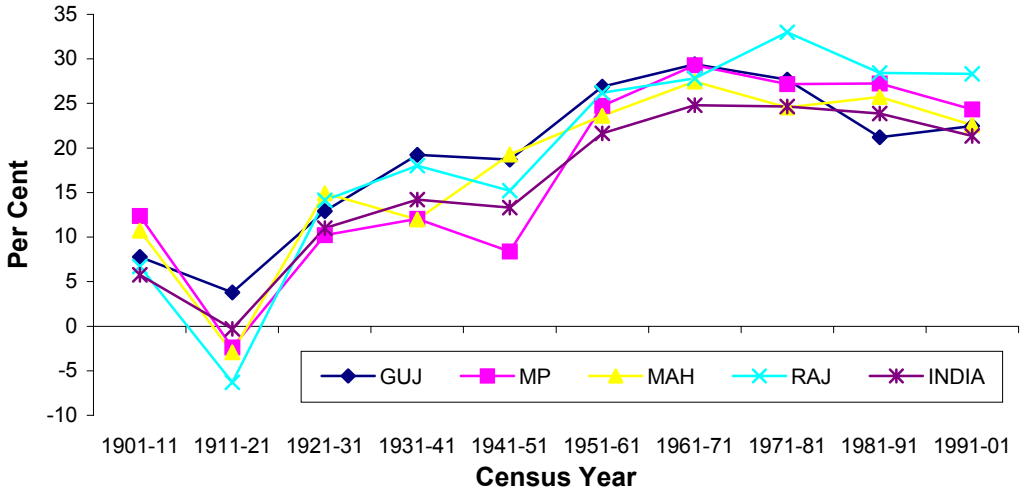
Source : Census of India. Provisional Population Totals, Census of India 2000. Page No. 39-40 and144

Table – 5.3 (a)

Census Decade	Max/Min	Gap	*Deviation from India*			
			GUJ	MP	MAH	RAJ
1901-11	1.85	5.68	2.04	6.63	4.99	0.95
1911-21	-0.60	10.08	4.10	-2.09	-2.60	-5.98
1921-31	1.46	4.70	1.92	-0.79	3.91	3.14
1931-41	1.61	7.26	5.03	-2.16	-2.23	3.79
1941-51	2.30	10.89	5.38	-4.93	5.96	1.89
1951-61	1.14	3.28	5.24	3.09	1.96	4.56
1961-71	1.07	1.94	4.59	4.48	2.65	3.04
1971-81	1.34	8.44	3.02	2.50	-0.12	8.32
1981-91	1.34	7.25	-2.67	3.38	1.87	4.58
1991-2001	1.26	5.85	1.14	2.99	1.23	6.99

Table – 5.3 provides the data on the decadal growth rate of population and on the basis of the same in Table – 5.3(a) it is further illustrated in terms of different measures like Max/Min ratio, gap and states' deviation from the national average. The table reveals the following picture.

CHART - 2
Decadal Growth of Population



(i) From amongst the four sample states the decadal growth rate of population as per the last decadal change is found maximum in Rajasthan and minimum in Gujarat. While it was almost of the same trend between 1981 and 1991 as long as Gujarat and Rajasthan is concerned. The growth rate is found to have fluctuated more in Maharashtra between the two decades amongst all the four states. In Gujarat the decadal growth rate in percentage is found to have increased in the last decade in relation to the previous decade. While in remaining all three states the growth rate is found to have declined. Looking at the post independent scenario from amongst the five decades of all the states the highest was the growth rate found in Rajasthan between 1971 and 1981, while that is found minimum in Gujarat between 1981 and 1991 decades. Subsequent to the table there reflects deviation from India found in various states between the last 10 censuses. It is found that in respect of the reforms' decade the deviation is found

maximum in Rajasthan and minimum in Gujarat. Deviation if examined in comparison with previous decade it is revealed that in Rajasthan it was highest and it indicated negative trend in the state like Gujarat. From the temporal point of view also it is found highest in Rajasthan in the decade of 1971-1981 in comparison with the other states. While it was found minimum in Gujarat between 1981 and 1991.

(ii) The table also indicates gap that prevails in the decadal growth rates. In respect of the post reforms decade the gap is not found as high as that it was in previous decade. The gap in the growth rate is found lowest in the last census in comparison with the earlier two decades.

(iii) Max/Min ratio is also found much lower under the reforms decade in comparison with the previous two decades.

Table – 5.4

Density of Population in Selected States - 1951 to 2001

States	Density (per sq. km.)					
	1951	1961	1971	1981	1991	2001
GUJ	83	105	136	174	211	258
MP	59	73	94	118	158	196
MAH	104	129	164	204	257	314
RAJ	47	59	75	100	129	165
INDIA	117	142	177	216	267	324
GAP	57	70	89	104	128	149
Max/Min	2.21	2.19	2.19	2.04	1.99	1.90
Deviation from India						
GUJ	-34	-37	-41	-42	-56	-66
MP	-58	-69	-83	-98	-109	-128
MAH	-13	-13	-13	-12	-10	-10
RAJ	-70	-83	-102	-116	-138	-159

Source : Registrar General and Census Commissioner of India, New Delhi.

In Table – 5.4 the density pf population of the sample states and the nation is presented. It also includes computed Max/Min ratio, gap and the deviation from the national density.

It is found from the table that in comparison with 1991 census there is an increase in the density of population in all the four states along with the country

as a whole. However, this increase is not of the same rate in the four states. The table reveals the fact that from amongst the four states increase is found maximum in Maharashtra and minimum in Rajasthan. Secondly, it is also observed that Maharashtra and Gujarat indicates much rise in comparison with Rajasthan and Madhya Pradesh. From amongst these four states ranking in respect of the density remains the same in all the census from 1950 onwards. Thus, tendency of concentration of population is clearly found more in the developed states in comparison with relatively backward states.

The table also demonstrates the fact that the gap in the level of density of population tends to increase continuously in all the census, it means that the tendency of densely populated area is more common in highly progressive states like Maharashtra and it is obvious lagging behind in states like Rajasthan.

However, one important point to note that even with the rise in the gap the Max/Min ratio indicates falling trend in the census operations. In comparison with the 1981-1991 this ratio has fallen more between 1991-2001.

Density when examined in relation to India further demonstrates the fact that in a state like Rajasthan deviation from India is found to have increased in every census. In other words the density of the states like Rajasthan is always much les than the national average. It is significant to note that this tendency of less density of population in relation to the national average is however common character in all the four states. Though this trend is not found evenly less in all the four states it dies not express the comparative picture between the four states and the states not taken into consideration in this study. It is also found in this table that the magnitude of the deviation from India is not much differentiated between Rajasthan and Madhya Pradesh, where as the same find much differentiated between Maharashtra and Gujarat, and this differentiation is again a common characteristic from temporal point of view.

Sex ratio is one of the most important indicator reflecting the demographic trend and there upon the level of aggregate human development. The Table – 5.5

highlights this of the last two censuses. Sex ratio of the total population, child population in the age group of 0-6 years, and in the population aged 7years and above is presented in the table.

Table – 5.5

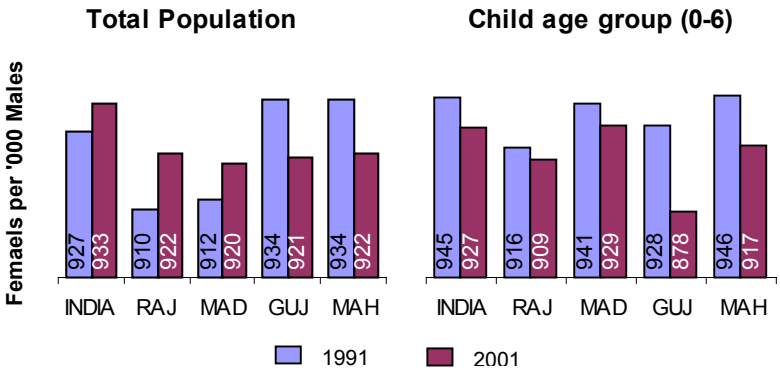
Sex Ratio of Total Population and Child Population in the age group 0-6

States/ India	Sex ratio (females per 1,000 males)					
	Total Population		Child Population in the age group 0-6		Population aged 7 and above	
	1991	2001	1991	2001	1991	2001
GUJ	934	921	928	878	936	927
MP	912	920	941	929	905	918
MAH	934	922	946	917	931	923
RAJ	910	922	916	909	908	925
INDIA	927	933	945	927	923	935

Source : Census of India, Series-1Provisional Population Totals, Page No. 92-94.

CHART – 3

Sex Ratios



The table leads to following observations.

(i) Sex ratio in aggregate in the country as a whole indicates rise (+6). This trend of rise is also found in the states like Rajasthan and Maharashtra. These two states have an increase of (+12) and (+8) respectively. It means that in relation to India there is more increase in the sex ratio in these two states.

(ii) Economically progressive states Gujarat and Maharashtra provides falling trend in the sex ratio against rising national average. It is also found from

the table that variations in the sex ratio from temporal point of view is more a matter of concern looking to the fact that in both the progressive states the situation in 1991 was more positive in comparison with national average. Therefore, it can be said that the progressive states have more reverse trend in the last decade. It is true that in both the states tendency to fall have fall between 1981 and 1991. But, it is for the first time in the 2001 census that it has declined more in relation to the national average.

(iii) Coming to sex ratio in the category of child population falling trend is a common characteristic both at the national level and also in the selected states. Here again, however, two important things clearly divide the progressive states and relatively backward states. It is found that at national level fall in the sex ratio is (-18), while in the states like Rajasthan and Madhya Pradesh it is much less in comparison with India that is (-7) and (-12) respectively. While the same falling trend is found much higher than the national average in Gujarat and Maharashtra that is (-50) and (-29) respectively. Thus, it confirms the fact that by and large sex bias as found more prevalent amongst young couples, and in the last decade.

(iv) This can be supported in the third part of the same table where in it is reflected that sex ratio in the aged 7 years and above is found to have increased at national level (+12) and from amongst the selected states in Rajasthan (+17), Madhya Pradesh (+13), and again found declining in Gujarat (-9) and Maharashtra (-8). Therefore there is strong evidential proof to state that sex bias is found more prevalent in relatively developed states in comparison with relatively backward states.

(v) To conclude from the table however it can be stated that from aggregate sex ratio point the gap is found to have minimised during 1991 and 2001. Max/Min ratio is also runs down and the last census report of 2001 virtually reflects the ration of only one. In other words the disparity as regards to aggregate sex ratio is very negligible.

Rate of urbanisation in general expresses the level of shift in the development process. In consideration of this fact it is important to examine the rate of urbanisation in the selected four states and that in relation to India. This is highlighted in following Table – 5.6.

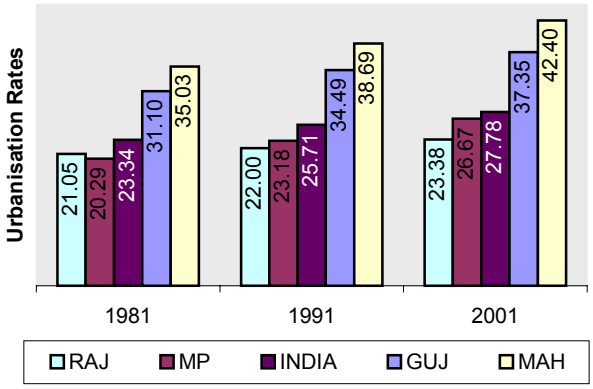
Table - 5.6

Rate of Urbanisation

States/ India	1981	1991	2001
GUJ	31.10	34.49	37.35
MP	20.29	23.18	26.67
MAH	35.03	38.69	42.40
RAJ	21.05	22.00	23.38
INDIA	23.34	25.71	27.78
Max/Min	1.73	1.76	1.81
Gap	14.74	16.69	19.02
Deviation from India			
GUJ	7.76	8.78	9.57
MP	-3.05	-2.53	-1.11
MAH	11.69	12.98	14.62
RAJ	-2.29	-3.71	-4.40

Source : Census of India.

CHART - 4
Urbanisation : Selected States & India



The table depicts the following picture.

In respect of the magnitude of urbanisation it is found increasing in every census. This increase in the rate of urbanisation is found common both at the national level and in all the selected states. However, the rate of increase in urbanisation is again found varied between the states. In relation to India it has increased more in the states like Maharashtra, Madhya Pradesh, and Gujarat. Rajasthan is the state where there is relatively slow rise in the process of urbanisation in comparison with other states. If examined the trend further between the states Madhya Pradesh has phenomenal rise in the rate of urbanisation in the last decade as against the previous decade. While Gujarat in this regard indicates less rise in the rate of urbanisation in the last decade in comparison with previous decade.

(i) The rate of urbanisation when examined in respect of Max/Min ratio indicates clearly an increase means the level of disparity between the states

and also from the temporal point of view is increasing. Similarly the gap found in the rate of urbanisation at every census is also increased and it is further widened in the last decade over previous decade.

(ii) In aggregate the deviation from India points out clearly that in spite of rise in the rate of urbanisation states like Madhya Pradesh and Rajasthan are still lagging behind to India's rate of urbanisation. While Maharashtra and Gujarat have much higher rate of urbanisation in relation to India's rate of urbanisation.

5.1.2 Disparity in view of Income Indicators

A gross and net income of the states is identified as the barometer of the states economic activities. It is the indicator, which reflects the states' over all command over the resources. Not only that but either directly or indirectly it affects the most of the indicators in economic and social sector. And therefore, it becomes essential to examine this indicator with great sincerity. The effort is made to examine the gross and net state domestic product and per capita there of and its sectoral distribution.

Table – 5.7 on the next page in aggregate reflects gross state domestic product (GSDP) at current prices. The table provides the data from the year 1993-94 to 2001-02. Following fact is found from the table.

(i) GSDP of all India tends to vary over the period of time. It reflects that accept for the year of 1997-98 and 1998-99 in the remaining period the growth in GSDP is fond to have declined. However, quick estimation of 2001-02 manifests little rise over the previous year. In relation to India it is found that in the beginning of the reforms that is in the year 1994-95 Gujarat and Rajasthan had higher growth, while Madhya Pradesh and Maharashtra had lower growth than the national average.

Table – 5.7

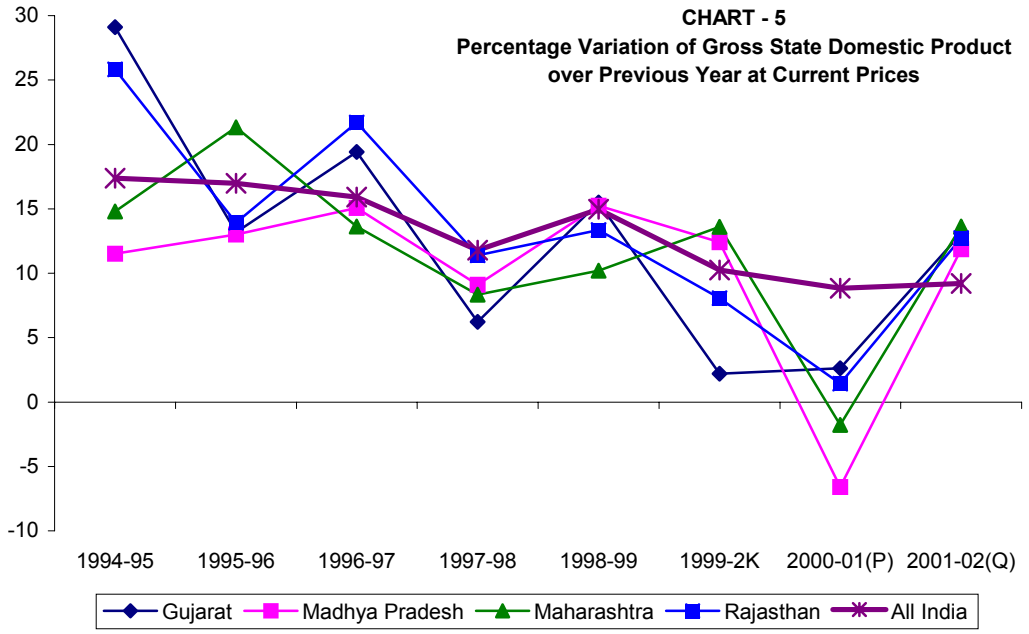
GROSS STATE DOMESTIC PRODUCT AT CURRENT PRICES

(Position as on 21-10-2003)

Year	Gujarat						Rajasthan		All India	
	Rs. Crore	% Growth over previous year	Crore	% Growth over previous year	Rs. Crore	% Growth over previous year	Rs. Crore	% Growth over previous year	Rs. Crore	over previous year
1993-94	49194		37971		113320		32970		781345	
1994-95	63516	29.1	42339	11.5	130073	14.8	41487	25.8	917058	17.4
1995-96	71886	13.2	47841	13.0	157818	21.3	47263	13.9	1072771	17.0
1996-97	85837	19.4	55049	15.1	179311	13.6	57516	21.7	1243546	15.9
1997-98	91188	6.2	60062	9.1	194255	8.3	64061	11.4	1390148	11.8
1998-99	105305	15.5	69216	15.2	214080	10.2	72618	13.4	1598127	15.0
1999-2K	107618	2.2	77804	12.4	243178	13.6	78481	8.1	1761932	10.2
2000-01(P)	110449	2.6	72665	-6.6	238875	-1.8	79600	1.4	1917724	8.8
2001-02(Q)	124905	13.1	81286	11.9	271406	13.6	89727	12.7	2094013	9.2

P: Provisional Estimates Q: Quick Estimates

Source: Directorate of Economics & Statistics of respective State Governments, and for All-India -- Central Statistical Organisation.



(ii) Coming to the differentiation to the states it is clearly revealed that right from 1994-95 to 2001-02 there is found unevenness between the states. This unevenness between the states is found more in the year 1999 to 2001 and 1994 to 1996.

(iii) Accept in the year 2000-01 and baring two states Madhya Pradesh and Maharashtra it is found that in all the remaining years and the sample states growth over in percentage to previous year is found positive. However, if examined between the states growth over in percentage does not indicate much gap in the second half of the reforms that it reflected in the first half of the reforms.

(iv) Percentage growth over the previous year has never crossed the figure of 29.1 percent, which was found only in Gujarat in the very beginning of the reforms.

(v) In comparison with the three states percentage growth over previous year in Gujarat is found low continuously for two years 1999-2000 and 2000-01. This kind of trend is not observed in the remaining states for consecutive two years.

(vi) In rupees term the actual GSDP if examined between the states demonstrates clearly that Gujarat and Maharashtra do have registered comparatively very high income in relation to the states like Madhya Pradesh and Rajasthan. Here also it is found that gap in terms of actual rupees between Madhya Pradesh and Rajasthan is not that wide what it is between the states like Gujarat and Maharashtra. In other words though disparity is not found more it does exist between the states especially in respect of rupee terms.

Table – 5.8 below demonstrates annual compound growth rate (ACGR) of GSDP during 1980s and 1990s. It provides the data of the four states along with the nation as whole and the aggregate of all 17 states. Pre reforms period indicates the rate at 1980-81 prices and the post reforms period expresses the rate at 1993-94 prices.

Table – 5.8

Annual Compound Growth Rate of GSDP during 1980s and 1990s

State/India	1980-81 to 1990-91 (1980-81 prices)	19990-91 to 2000-01 (1993-94 prices)
GUJ	5.08	7.35
MP	4.56	4.78
MAH	6.02	6.83
RAJ	6.60	6.07
All India (CSO)	5.55	6.10
All States	5.26	5.82

Note : Computed from basic statistics from CSO.

Following picture is available from the table.

(i) From amongst the four states Rajasthan was leading during 1980s, while Madhya Pradesh was the last in the ranking order.

(ii) In comparison with All India ACGR, Rajasthan and Maharashtra had higher ACGR, while Gujarat and Madhya Pradesh had lower ACGR during the period of 1980s.

(iii) ACGR during 1980s also reveals the fact that the gap in the ACGR of Rajasthan and Madhya Pradesh was respectively more and also gap in the ACGR of Maharashtra and Gujarat was sizable. However, the gap in between the later two states was not as high as it was between the formal two states.

(iv) The second part reveals the picture of the period during 1990s. It expresses more distinction in the state like Gujarat from the temporal point of view. During this last decade Gujarat is found to be most leading state in this regard followed by Maharashtra, Rajasthan and Madhya Pradesh.

(v) It also connotes the fact that in relation to All India ACGR during the period of 1990s Gujarat and Maharashtra had higher the rate, while Rajasthan and Madhya Pradesh had lower the rate.

(vi) The table also expresses clearly that the gap in the ACGR between the two developed states that is Gujarat and Maharashtra is much less than what it is between the states like Rajasthan and Madhya Pradesh.

(vii) Thus in aggregate in respect of ACGR though Madhya Pradesh has improved her position it still remains the last one. Similarly, Maharashtra also reported much rise between the two periods. However, from the ranking point of view the states' position is stationary, Rajasthan demonstrates falling trend in ACGR unlike the other states.

Table – 5.9

QUINQUENIUM GROWTH RATES OF GSDP

(In Percentage)

State	1980-81 PRICES*		1993-94 PRICES	
	1980-81 to 1985-86	1985-86 to 1990-91	1990-91 to 1995-96	1995-96 to 2000-01
GUJ	4.82	5.82	9.24	4.05
MP	3.58	6.59	4.85	3.52
MAH	4.46	7.64	8.21	5.30
RAJ	4.85	10.01	4.65	5.10
INDIA	13.20	15.05	5.63	5.48

Source : Domestic Product of States of India 1961 to 2000-01, EPW Research Foundation, Mumbai, June-2002. Pg.No. 25

* is computed from basic data.

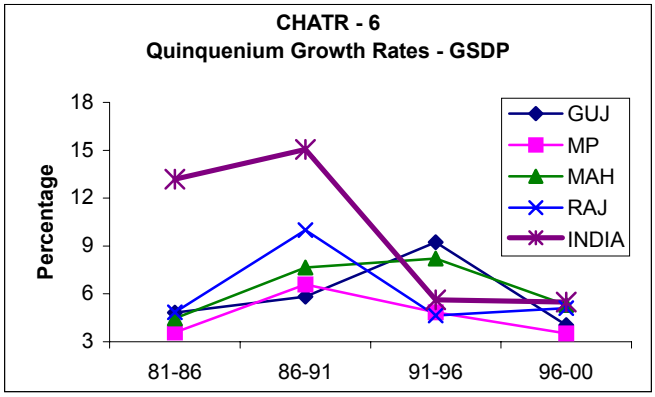


Table – 5.9 refers to GSDP in terms of quinquennium compound growth rates. It is reflected in percentage, of the two decades with five years periods. The first decade provides growth rates in percentage at 1980-81 prices and the last decade it is worked out at 1993-94 prices.

The table highlights the following trends.

(i) During the decade of 1980s the first half indicates that the growth rate was highest in Rajasthan followed by Gujarat, Maharashtra and Madhya Pradesh. In the same half the gap in the growth rate did not indicate much difference between the three states excluding the state of Madhya Pradesh.

(ii) The growth rate when examined in the second half of 1980s expresses much higher level than the previous half in all the four states. However, it was again found more than double in Rajasthan. Gap between the two half is not found much higher in the state like Gujarat. Though, there was an improvement in growth rate.

(iii) Interesting point to note in respect of the disparity that in comparison with the first half of 1980s, in the second half of 1980s the gap between the states having the highest and lowest growth rate that is Rajasthan and Madhya Pradesh is found more. Similarly, it is also found more between Gujarat and Maharashtra in case of which during the first half of 1980s Gujarat had little edge over Maharashtra, where as in reverse to that in the second half Maharashtra had greater edge over Gujarat.

(iv) During the period of 1990s this trend is reflected otherwise. It states that during the first half of 1990s that is the immediate outcome of the reforms in respect of growth rate is visualised highly in the state Gujarat and Maharashtra in comparison with the states like Madhya Pradesh and Rajasthan.

(v) It reveals the fact that a progressive state like Gujarat and relatively backward state like Rajasthan, there is found much gap between them as

regard to quinquennium growth rate. It is also confirmed that the gap between the two progressive states is comparatively more than the gap between the two relatively backward states.

(vi) In percentage when examined during the first half of 1990s both Gujarat and Maharashtra had much higher QGR in relation to the same of India. While the states like Rajasthan and Madhya Pradesh fell below to the national growth rate.

(vii) Second half of the 1990s is again shocking in comparison with the first half. It demonstrates the fact that both the progressive states Gujarat and Maharashtra reported much less QGR in comparison with the previous half. This trend is also reflected in the case of Madhya Pradesh. However, in Rajasthan we come across a little exception where there is an increase in QGR in comparison with the previous half.

(viii) As regards to the disparity it clearly observed that the gap which was observed in the first half of 1990s is not exhibited in the same proportion in the second half. In other words the magnitude of disparity, which was indicated in the first half of the 1990s, is found lower in the second half of 1990s.

(ix) The table therefore leads to subscribe to the view that the intensity of disparity as regards to the GSDP growth is not found akin to the process of reforms.

Net state domestic product (NSDP) is regarded as more close and real indicator expressing the relatively actual status of disparity. It indicates actual program of the states with regard to the revenue.

Table – 5.10 on the next page is an illustrious example. It relates the position of the sample states in relation to the nation. The time period reflected in the table covers from 1993-94 to 2001-02. The table provides the data in actual terms of

rupees and in percentage growth over the previous year. Broadly it reflects the following trends.

Table – 5.10

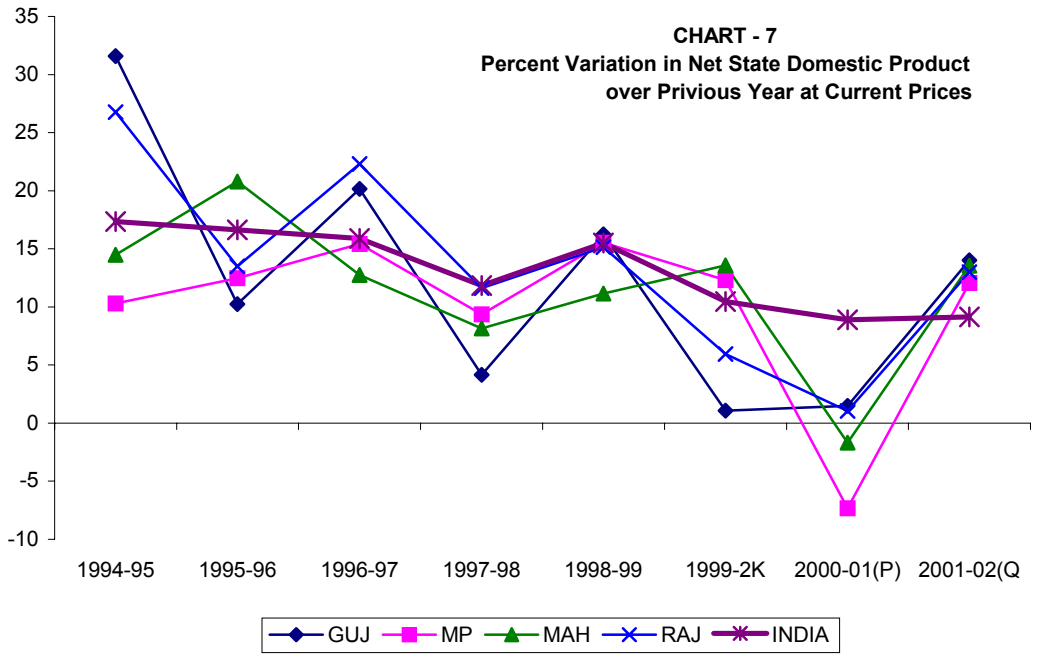
NET STATE DOMESTIC PRODUCT AT CURRENT PRICES

(Position as on 21-10-2003)

Year	Gujarat		Madhya Pradesh		Maharashtra		Rajasthan		All India	
	Rs. Crore	% Growth over previous year	Rs. Crore	% Growth over previous year	Rs. Crore	% Growth over previous year	Rs. Crore	% Growth over previous year	Rs. Crore	% Growth over previous year
1993-94	42560		33937		101767		28977		697992	
1994-95	56003	31.6	37427	10.3	116507	14.5	36733	26.8	819064	17.3
1995-96	61736	10.2	42096	12.5	140725	20.8	41690	13.5	955345	16.6
1996-97	74183	20.2	48590	15.4	158683	12.8	50986	22.3	1107043	15.9
1997-98	77266	4.2	53141	9.4	171617	8.2	56912	11.6	1238151	11.8
1998-99	89810	16.2	61391	15.5	190746	11.1	65532	15.1	1430061	15.5
1999-2K	90763	1.1	68949	12.3	216664	13.6	69420	5.9	1579573	10.5
2000-01(P)	92110	1.5	63890	-7.3	213040	-1.7	70143	1.0	1719868	8.9
2001-02(Q	105023	14.0	71594	12.1	241877	13.5	79262	13.0	1876955	9.1

P: Provisional Estimates Q: Quick Estimates

Source: Directorate of Economics & Statistics of respective State Governments, and for All-India -- Central Statistical Organisation.



(i) In respect of the disparity it can be said that in the very beginning period of reforms in actual rupees it was found more between the states kike

Maharashtra and Gujarat, while it was not that high between the states like Madhya Pradesh and Rajasthan.

(ii) From the temporal perspective it is evidently found that Maharashtra has performed much better than the Gujarat, while this is not much differentiated between the states like Rajasthan and Madhya Pradesh.

(iii) When examined in percentage growth over previous year all the states did much better in the beginning period 1994-95 to 1996-97. There after in 1998-99 again good trend is reflected. The quick estimates that of 2001-02 provides an indication of the repetition of the performance that of the year 1998-99.

(iv) The state performance from the percentage growth over in comparison with All India demonstrates the fact that except in the year 1999-2000 and 2001-02 during the rest of the period Madhya Pradesh is lagging behind to All India percentage growth. This is found fluctuating year by year in case of Rajasthan. While Gujarat had an edge over All India's growth rate in the year 1994-95, 1996-97, 1998-99 and 2001-02. In case of Maharashtra the years 1995-96, 1999-2000 and 2001-02 were the better years in comparison with All India's growth rates. 2000-01 is found a dark year in this regard for these states as all these states were lagging behind in comparison with All India's average.

Table – 5.11

Share of States in India's NSDP - Current Prices

(Percentage)

Year	Selected States				Max/Min Ratio
	GUJ	MP	MAH	RAJ	
1993-94	6.10	4.86	14.58	4.15	3.51
1994-95	6.84	4.57	14.22	4.48	3.17
1995-96	6.46	4.41	14.73	4.36	3.38
1996-97	6.70	4.39	14.33	4.61	3.27
1997-98	6.24	4.29	13.86	4.60	3.23
1998-99	6.28	4.29	13.34	4.58	3.11
1999-2K	5.75	4.37	13.72	4.39	3.14
2000-01	5.36	3.71	12.39	4.08	3.33
2001-02	5.60	3.81	12.89	4.22	3.38
Variation	-0.50	-1.05	-1.69	0.07	....

CHART - 8

State's Share in NSDP – Current Prices

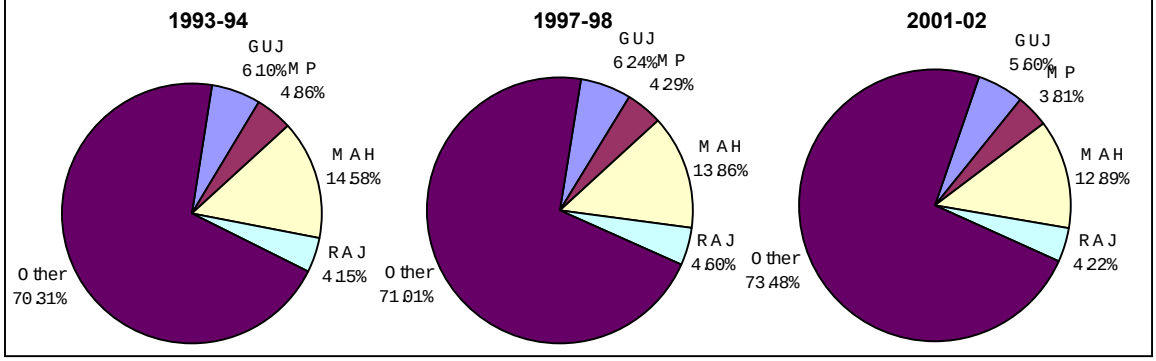


Table – 5.11 is indicator of states actual performance and its contribution at current price to the economy of India. It is identified in percentage. An attempt is also made to strengthen the facts through Max/Min ratio. Following inferences can be derived from the table.

(i) An aggregate variation if examined in terms of share of the states in the very beginning period of reforms and of the last indicated year it is found that all the states except Rajasthan demonstrate declining trend, and the disparity in that variation between the states is clearly found, though with little intensity.

(ii) It is again observed in this table that the percentage disparity between the two states like Gujarat and Maharashtra is much higher, where in during all the years Maharashtra had sizable edge over Gujarat. This scenario is not found the same between the states like Madhya Pradesh and Rajasthan. It is also reflected from the table that in the initial three years Madhya Pradesh had little edge over Rajasthan, but from 1996-97 in all the years successively Madhya Pradesh was trailing behind Rajasthan.

(iii) The tendency of the states in the respect of the time period when examined it further adds to the facts that it is found more fluctuating in Gujarat and Maharashtra. While in Madhya Pradesh except 1999-2000 and 2001-02

during the rest of the years it has always declined. Number of years defers but otherwise the tendency remains the same in case of Rajasthan.

(iv) Max/min ratio worked out from the table expresses high magnitude and fluctuations. From amongst the 9 years of period it was found highest in the year 1993-94 and lowest in 1998-99.

NSDP when gets reflected in terms of per capita it provides the actual contribution to the economy by the individuals. It is this table, which works at the strong linkage between the rising population and aggregate produce of the economy. Therefore, it becomes simple but most convincing criteria for estimation of disparity between the states.

Table – 5.12

PER CAPITA NET STATE DOMESTIC PRODUCT AT CURRENT PRICES

(Position as on 21-10-2003)

Year	Gujarat		Madhya Pradesh		Maharashtra		Rajasthan		All India	
	Rs. Crore	% Growth over previous year	Rs. Crore	% Growth over previous year	Rs. Crore	% Growth over previous year	Rs. Crore	% Growth over previous year	Rs. Crore	% Growth over previous year
1993-94	9796		6584		12183		6182		7690	
1994-95	12640	29.0	7099	7.8	13654	12.1	7647	23.7	8857	15.2
1995-96	13665	8.1	7809	10.0	16152	18.3	8467	10.7	10149	14.6
1996-97	16153	18.2	8819	12.9	17844	10.5	10102	19.3	11564	13.9
1997-98	16585	2.7	9440	7.0	18915	6.0	10997	8.9	12707	9.9
1998-99	19001	14.6	10678	13.1	20617	9.0	12348	12.3	14396	13.3
1999-2K	18926	-0.4	11747	10.0	22977	11.4	12752	3.3	15626	8.5
2000-01(P)	18922	0.0	10666	-9.2	22179	-3.5	12557	-1.5	16707	6.9
2001-02(Q)	21276	12.4	11718	9.9	24736	11.5	13825	10.1	17978	7.6

P: Provisional Estimates Q: Quick Estimates
Source: Directorate of Economics & Statistics of respective State Governments, and for All-India -- Central Statistical Organisation.

Table – 5.12 exhibits the scenario as under.

(i) In terms of rupees per capita NSDP is found to have increased in general bearing the year like 2000-01. Actual increase in rupees is found at fluctuating rates. From amongst the four states it is found that from aggregate period point of view Maharashtra tends to have effective rate of increase along with Madhya Pradesh and Rajasthan.

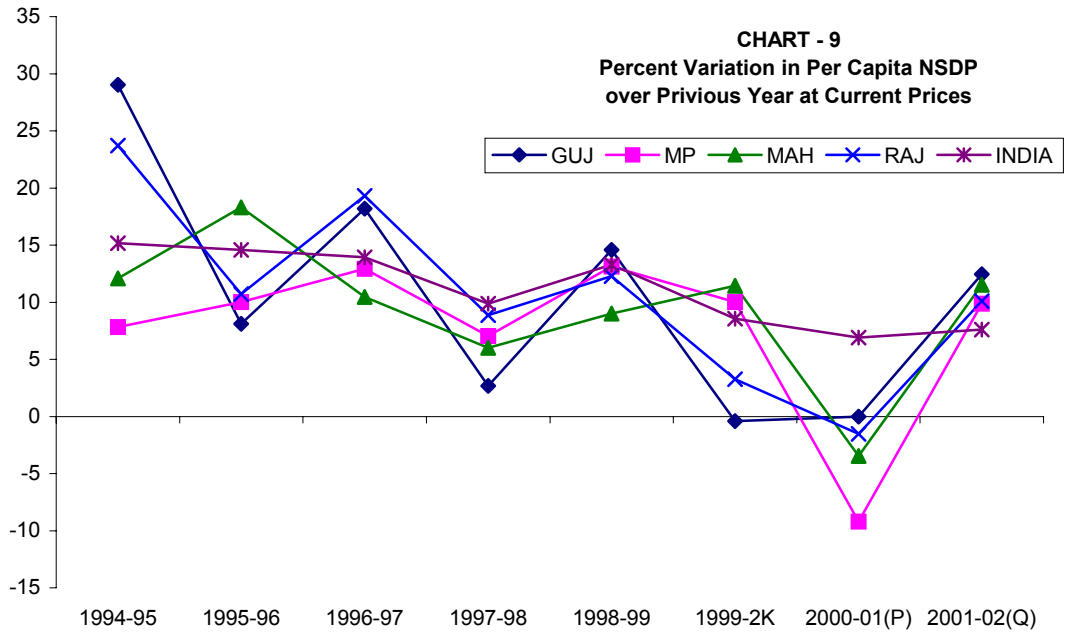
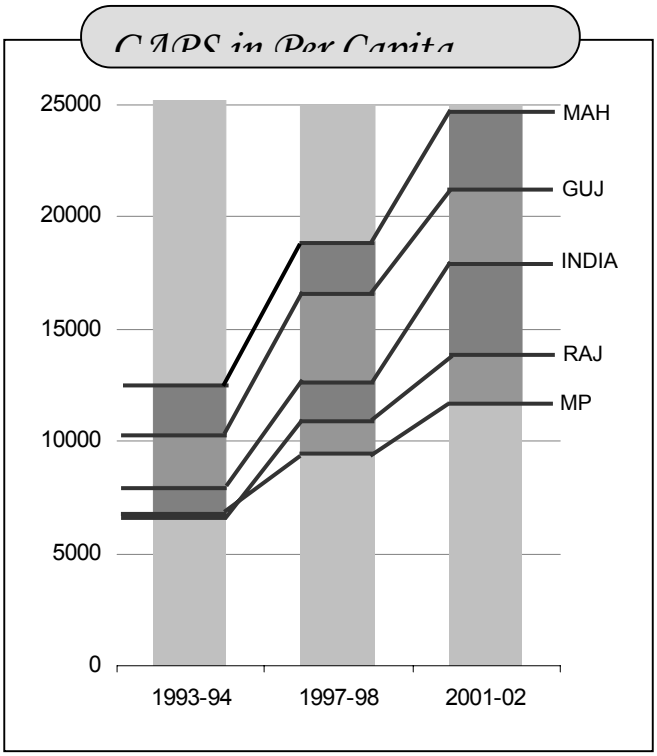


CHART - 9
Percent Variation in Per Capita NSDP
over Privious Year at Current Prices
GUJ
MP
MAH
RAJ
INDIA
35
30
25
20
15
10
5
0
-5
-10
-15
1994-95
1995-96
1996-97
1997-98
1998-99
1999-2K
2000-01(P)
2001-02(Q)

CHART - 10


25000
20000
15000
10000
5000
0
1993-94
1997-98
2001-02
MAH
GUJ
INDIA
RAJ
MP

(ii) Percentage growth over previous year when examined, it is evidently found that there is greater intensity of disparity is found during the period when Maharashtra and Gujarat had relatively higher growth over the years. This disparity between the states is reflected both in case of rise in the percentage growth and fall in the percentage growth.

(iii) From amongst nine years disparity between the states is observed at greater length in the year 1999-2000, where in Gujarat reported to have negative (-0.4) as against increasing percentage growth over in double digits in states like Maharashtra and Rajasthan. It is found relatively much less in the year 1998-99.

(iv) Percentage growth in comparison with India is found higher in the state like Gujarat in four different years in between the nine years. Always less except the year 1999-2000 and 2001-02 in Madhya Pradesh, three different years in Maharashtra, and three different years in Rajasthan.

Table - 5.13

Annual Compound Growth Rate of Per Capita NSDP during 1980s and 1990s

(In Percentage)

State/India	Growth rate of Per Capita NSDP	
	1980-81 to 1990-91	19990-91 to 2000-01
GUJ	2.84	5.07
MP	1.73	2.52
MAH	3.60	4.37
RAJ	3.89	3.42
All India (CSO)	3.25	3.67
All States	2.94	3.65

Table – 5.13 reflects annual compound growth rate (ACGR) of per capita NSDP during 1980 and 1990s. During 1980s Rajasthan and Maharashtra had an edge over All India's growth rate, while Gujarat and Madhya Pradesh were trailing behind. Madhya Pradesh had the poorest rate and Rajasthan had the highest rate. While in 1990s Gujarat and Maharashtra had an edge over All India's growth rate. Gujarat was at top amongst the four states, while Madhya Pradesh

still continued to be at the bottom. Between the states disparity in respect of growth rate is found with greater intensity during 1990s as against what it was during 1980s.

Table – 5.14
Quenquenium Growth Rate of Per Capita NSDP

(In Percent)

State/India	GR in Per Capita NSDP	
	1990-91 to 1995-96	1995-96 to 2000-01
GUJ	7.37	1.55
MP	2.24	1.57
MAH	5.92	2.91
RAJ	1.98	2.31
All India (CSO)	3.29	3.75
All States	3.46	3.45

Table – 5.14 refers to the quinquennium growth rate of per capita NSDP. It is found from the table that in the first half of 1990s Gujarat was at the top, followed by Maharashtra, while Madhya Pradesh and Rajasthan had less than the All India's growth rate. As against this trend in the later part of 1990s all the states reported growth rate in per capita NSDP much less than All India's growth rate. However, it is important to note that the magnitude of the gap which was found in the first half of the 1990s had sizable reduce in the later part of 1990s.

Table – 5.15
Index of Per Capita NSDP at Current Prices, Max/Min Ratio and Gross Variation

Year	INDEX India = 100				Max/Min Ratio
	GUJ	MP	MAH	RAJ	
1993-94	127.39	85.62	158.43	80.39	1.97
1994-95	142.71	80.15	154.16	86.34	1.92
1995-96	134.64	76.94	159.15	83.43	2.07
1996-97	139.68	76.26	154.31	87.36	2.02
1997-98	130.52	74.29	148.85	86.54	2.00
1998-99	131.99	74.17	143.21	85.77	1.93
1999-2K	121.12	75.18	147.04	81.61	1.96
2000-01	113.26	63.84	132.75	75.16	2.08
2001-02	118.34	65.18	137.59	76.90	2.11
Variation	-9.04	-20.44	-20.84	-3.49	

Table 5-15 becomes an important indicator in terms of the index of per capita NSDP with both Max/Min ratio and gross variations. It refers to the following trends.

(i) There is found greater amount of gross variation between the states where in Maharashtra is reporting highest rate of variation while Rajasthan provides the lowest rate.

(ii) The table in general reports that both the states like Madhya Pradesh and Rajasthan has always performed less against the Indian index while Gujarat and Maharashtra always had greater performance.

(iii) Max/Min ratio demonstrates that there has been greater amount of fluctuations during the course of time. Where in it is found decreasing except during the years 1995-96, 2000-01and 2001-02, indicating an increase in the magnitude of disparity with the ongoing process of reforms between the states.

Table – 5.16

Share of Agriculture, Industries and Services in Total GSDP
(Current Prices)

(Percentage)

State/ India	Sector	Year				
		1981	1986	1991	1996	2001
GUJ	Agriculture	37.27	27.28	27.85	20.61	13.84
	Industry	30.42	36.1	36.37	41.85	43.18
	Services	32.31	36.62	35.78	37.54	42.99
MP	Agriculture	48.9	42.13	38.67	35.85	27.43
	Industry	24.27	27.09	29.77	27.48	30.79
	Services	26.83	30.78	31.57	36.67	41.79
MAH	Agriculture	26.74	22.47	22.04	17.52	12.85
	Industry	36.03	36.57	34.9	34.34	33.29
	Services	37.23	40.95	43.06	48.14	53.86
RAJ	Agriculture	48.91	44.9	44.45	33.55	27.3
	Industry	20.93	22.93	22.3	29.51	30.34
	Services	30.16	32.17	33.24	36.95	42.36
Max/Min	Agriculture	1.83	2.00	2.02	2.05	2.13
	Industry	1.72	1.59	1.63	1.52	1.42
	Services	1.39	1.33	1.36	1.31	1.29

Source: Directorate of Economics & Statistics of respective State Governments, and for All-India - Central Statistical Organisation.

CHART - 11

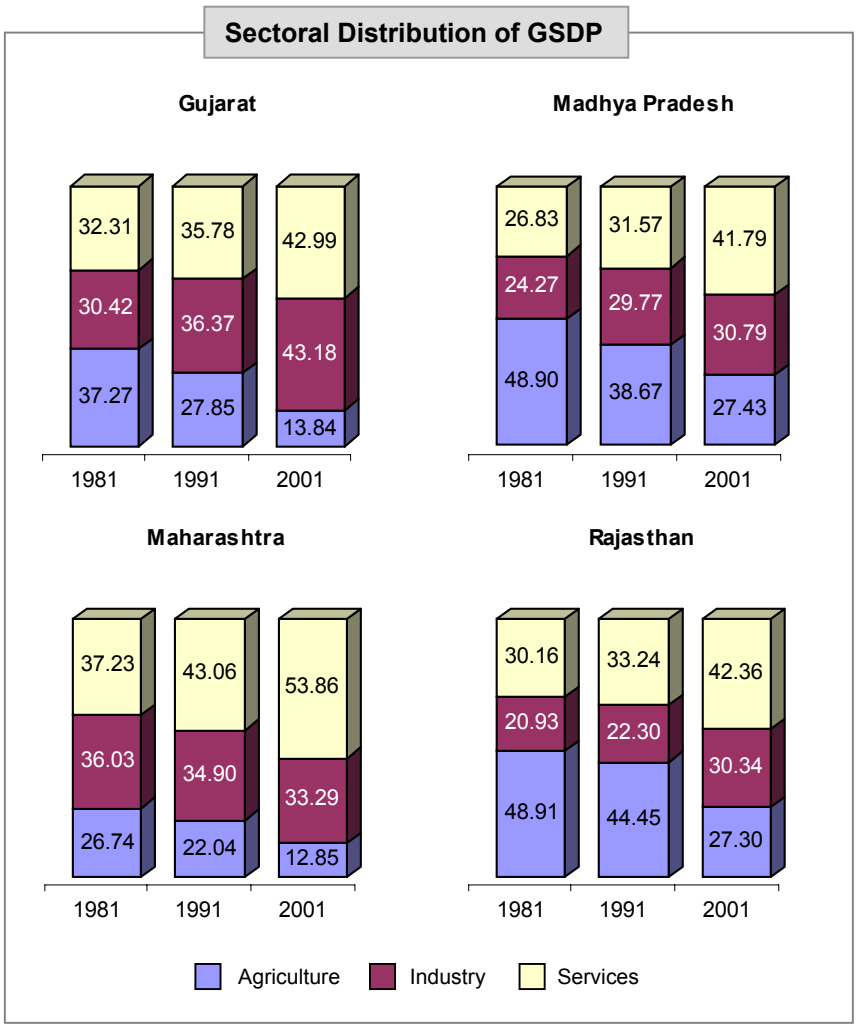


Table – 5.16 provides GSDP data in terms of sectoral share. Therefore, this table in a way provides the sectoral performance of the states and the level of disparity being found being found between the sectors between the states. In view of arriving at more precise picture pertaining to the sectoral performance the data is presented for five different points of time covering both pre reforms and post reforms decades. It also reflects the variations in Max/Min ratios. At large the table provides the following indications.

(i) Max/Min ratio in respect of primary sector highlights continuous increase and precisely in the last half of the reforms it has increased more.

Therefore, it is revealed that as long as agriculture sector is concerned the level of disparity between the states is increasing.

(ii) When coming to secondary sector unlike agriculture there is found sharp fluctuating trends in the beginning of the pre reforms decade, during the first half falling sizably, increasing then after. Again during the first half of the reforms sizable decline continuing even in the later part. It therefore reflects that with process of reforms measures particularly in industrial sector the rate of disparity across the states tends to have declining trend.

(iii) In respect of services there is no difference as long as the trend is concerned. It is found continuously falling except during the period of 1986-91. However, the striking feature is that the decline in the magnitude of disparity from the sectoral point of view is not found of equal level in service sector to that of industrial sector. In other word the disparity in service sector across the states is declining with slow pace.

(iv) In general from the sectoral Max/Min ratio, therefore, it would be more appropriate to state that the disparity across the states in respect of the sectoral share is found to have increased in primary sector and decreased in secondary and tertiary sector.

(v) Percentage share of different sector in GSDP when examined across the states from temporal point of view some common characters are highlighted. It clearly revealed that in all the four states primary sector is loosing its significance in respect of its share. Further it is also found that the fall in percentage share in between the decade of 1981-91 is not that much what it is there after in the last decade. In other words the significance of primary sector from product share point of view is declined more during the reforms in comparison with the pre reforms. It is common in all the states and disparity in that regard in respect of the gap is found more during the reforms period in Rajasthan, Maharashtra, Gujarat, and Madhya Pradesh.

(vi) Looking at the industry sector the scenario is in the reverse direction to that of agriculture. The share of industry in total GSDP in the states is found to have increased but for Maharashtra. In Maharashtra it is also found falling like agriculture. Here performance across the states if examined from the time perspective it is found that in Gujarat in comparison with the pre reforms period rate of increase in the share is more during the reforms period. In Madhya Pradesh it is found otherwise. The share had increased more before the reforms than what it has increased after the reforms. Rajasthan exhibits uncommon element with excessively high rise during the reforms in comparison with the pre reforms period. The performance between the states in aggregate suggests that industrial sector under the reforms period has exhibited good performance though the rate of excellence in performance between the states is found more uneven.

(vii) The tertiary sector holds the scenario in general in all the states. However, an increase in the share of service sector under the reforms is found much higher in the states like Rajasthan and Madhya Pradesh. In relation these two states Maharashtra and Gujarat has an increase in their share with lesser intensity.

Table – 5.17 includes two types of statistical information. It refers to absolute variations in sectoral share in GSDP and annual exponential growth rate. The first part expresses absolute variations from the decadal point of view. It is observed from that part that primary sector shows declining variation in percentage in all the states. Rate of declining variation, however, is found uneven between the states. Rajasthan, Maharashtra and Gujarat show greater variation in comparison with Madhya Pradesh. Gap in the variation between Rajasthan and the other remaining states is very high. It is also found that percentage variation during the reforms period varies at much higher rate in comparison with the pre reforms decade.

Table – 5.17

Variation in Sectoral Share in Total GSDP at Current Prices

(In Percentage)

State/ India	Sector	Absolute Variation During			Annual Exponential GR		
		1981-1991	1991-2001	1981-2001	1981-1991	1991-2001	1981-2001
GUJ	Agriculture	-9.42	-14.01	-23.43	-2.87	-6.75	-4.83
	Industry	5.95	6.81	12.76	1.80	1.73	1.77
	Services	3.47	7.21	10.68	1.03	1.85	1.44
MP	Agriculture	-10.23	-11.24	-21.47	-2.32	-3.38	-2.85
	Industry	5.5	1.02	6.52	2.06	0.34	1.20
	Services	4.74	10.22	14.96	1.64	2.84	2.24
MAH	Agriculture	-4.7	-9.19	-13.89	-1.91	-5.25	-3.60
	Industry	-1.13	-1.61	-2.74	-0.32	-0.47	-0.39
	Services	5.83	10.8	16.63	1.47	2.26	1.86
RAJ	Agriculture	-4.46	-17.15	-21.61	-0.95	-4.76	-2.87
	Industry	1.37	8.04	9.41	0.64	3.13	1.87
	Services	3.08	9.12	12.2	0.98	2.45	1.71

In case of secondary sector it is found that percentage variation in the state like Rajasthan is much higher than any other states. Gap if examined between the states, it is widened in the post reforms period in comparison with the pre reforms period. In the states like Maharashtra it shows fall in both the decades but more is the fall during the reforms decade. While in Rajasthan it has increased in both the decades but the share has increased more during the reforms in comparison with the pre reforms. Temporal gap as such is not found much wide in the state like Gujarat.

The data obtained for service sector reveals the fact that sectoral share variation between the states was not high during both the decades. It demonstrates the fact that Madhya Pradesh and Rajasthan did much better from the temporal point of view. In all the four states the trend is found positive unlike the other two states.

The second part of table highlights the scenario in respect of annual exponential growth rate. This variation from the decadal point of view by and large reflects similar trend what it is reflected in absolute variation. However, there is some degree of intensity is found more between the states particularly for Madhya Pradesh with other states in primary and secondary sector.

5.1.3 Agriculture

Under this section an attempt is made to examine the status of agrarian economy of the four states during the reforms period. It is examined through various agricultural parameters. The first basic parameter, which reflects the actual physical positioning of agriculture in all four states, is obtained through the land use pattern presented in Table – 5.18.

Table – 5.18
Selected Land Use Indicators

(In '000 Hectors)

State/ India	Year	Total Geogra-phical Area	Reporting Area for Land Use Statistics	Net Area Sown	Area Sown More Than Once	Gross Cropped Area	Cropping Intensity
GUJ	1990-91	19602 (5.96)	18822 (6.17)	9296 (6.50)	1339 (3.13)	10635 (5.73)	114 (88.08)
	1995-96	19602 (5.96)	18812 (6.17)	9612 (6.72)	1384 (3.24)	10996 (5.92)	114 (88.07)
	1999-2K	19602 (5.96)	18812 (6.17)	9667 (6.76)	1476 (3.45)	11144 (6.00)	115 (88.75)
MP	1990-91	30735 (9.35)	29466 (9.67)	14865 (10.40)	3354 (7.85)	18219 (9.81)	123 (94.36)
	1995-96	30749 (9.35)	29611 (9.71)	15022 (10.50)	4251 (9.95)	19273 (10.38)	128 (98.77)
	1999-2K	30750 (9.35)	29580 (9.70)	15070 (10.54)	5349 (12.51)	20419 (10.99)	135 (104.31)
MAH	1990-91	30771 (9.36)	30758 (10.09)	18565 (12.98)	3294 (7.71)	21859 (11.77)	118 (90.65)
	1995-96	30771 (9.36)	30758 (10.09)	17980 (12.57)	3524 (8.24)	21504 (11.58)	120 (92.08)
	1999-2K	30771 (9.36)	30758 (10.09)	17691 (12.37)	4660 (10.90)	22351 (12.03)	126 (97.27)
RAJ	1990-91	34265 (10.42)	34227 (11.23)	16377 (11.45)	3002 (7.02)	19380 (10.43)	118 (91.11)
	1995-96	34265 (10.42)	34227 (11.23)	16575 (11.59)	3098 (7.25)	19673 (10.59)	119 (91.38)
	1999-2K	34265 (10.42)	34227 (11.23)	15509 (10.85)	3777 (8.84)	19286 (10.38)	124 (95.74)
INDIA	1990-91	328726	304862	142999	42743	185742	130
	1995-96	328726	304875	142000	45470	187470	132
	1999-2K	328726	306054	141231	48510	189740	134
Max/Min	1990-91	....	....	2.00	2.50	2.06	1.07
	1995-96	....	....	1.87	3.07	1.96	1.12
	1999-2K	....	....	1.83	3.62	2.01	1.18

Source : Statistical Hand Book of India, RBI.
Economic Surveys of Selected States.
Note : Figure in brackets indicates percentage to India.

The table gets the land use pattern manifested through six types of key features. They are total geographical area, reported area for land use classification, net area sown, area sown more than once, gross cultivated area and cropping intensity. Following is the picture obtained from the table.

(i) With regard to the total geographical area of the states it is found highest in Rajasthan, followed by Maharashtra, Madhya Pradesh and Gujarat. Percentage to All India refers to the fact that from amongst the four states Gujarat has minimum area in relation to its percentage share in India, and the gap between Rajasthan and Gujarat is much wider in comparison with the other two states.

(ii) Coming to reporting area for land use again it is found that the states like Rajasthan is having an edge over the other three states. However, both in absolute term and in terms of percentage share there is not much gap in between Rajasthan, Maharashtra, and Madhya Pradesh. But, it is found very high in between Gujarat and the other states particularly Rajasthan.

(iii) The third is major influential variable. It reflects the net area sown. Here, the data presents distinctive picture between the states from the temporal point of view and within the states. It expresses the following scenario.

As per the table in all the three different years Maharashtra is leading to all other states. It is reflected that the gap in the net area sown in percentage to All India between the states is found much higher in case of Gujarat with all the three states. This percentage gap however is not much wider between the three states excluding Gujarat. When examined from the temporal point of view this trend is further supported through Max/Min ratio. It was higher in the year 1991, where as the same is found declined to some extent in the follow through years of reforms. Therefore, it can be stated that over a period of time the gap in the net area sown is declined but at a slow pace and in less proportion.

(iv) In respect of area sown more than once the data highlights the fact that the same in relation to percentage share in India is found much higher in the states like Madhya Pradesh, Maharashtra, and Rajasthan. Gujarat in all the three different years indicates very little portion in terms its percentage share in India. Though it has increased from the temporal point of view, it is however lagging far behind to the other states. Percentage increase from the temporal perspectives is common with other three states too. But looking at the Max/Min ratio it is observed that the gap is found to have increased during all the three different periods. In other words the rate of increase in the area sown more than once has increased more in the other states particularly in Madhya Pradesh in relation to Gujarat.

(v) Gross cropped area reflects the trends more or less similar with little variation. It is found that Gujarat is lagging far behind to other states. The Max/Min ratio indicates that during the first half of the reforms the gap was reduced a little but during the second half it increased a little.

(vi) The last but not the least significant is the feature of cropping intensity. It is the data computed on the basis of the gross cropped area to net area sown. It thus provides key position in respect of land use pattern of the different states. The picture obtained from the data refers to the fact that in relation to India, the intensity if found less in all the four states, and this particularly found much less in Gujarat and Rajasthan. The Max/Min ratio also subscribes to the view that over a period of time the gap in respect of the intensity between the states has increased. It was found highest in 1999-2000 in Madhya Pradesh and lowest in Rajasthan.

Table – 5.19 reflects the average size of operational holding. It is clearly found from the table that there is declining trend over the years in all the four states and India. The gap in respect of the holding between the states in 1990-91 and 1995-96 relates that it was much higher in 1995-96 in comparison with 1990-91. Rajasthan was having the highest size of holding during all the time periods,

Table – 5.19

Avg. Size of Operational Holding in Hec.

State	1970-71*	1990-91**	1995-96***
GUJ	4.11	2.93	2.62
MP	4.00	2.63	2.28
MAH	4.28	2.21	1.87
RAJ	5.46	4.11	3.96
INDIA	2.28	1.57	1.41

Source : * Agriculture Situation in India, 1981.
** Agricultural Statistics at Glance, 1995.
*** Agriculture, CMIE, Feb. 2004 Page No. 7.

while Maharashtra was having the lowest during the different time periods. During the first five years of reforms this size of holding is found to have reduced maximum in Madhya Pradesh and Rajasthan.

Table – 5.20

Area, Production and Yield of Food Grains

Area - '000 Hec.			Production - '000 Tns.		Yield - Kg./Hec.	
Year	**Area**	% to India	**Production**	% to India	**Yield**	% to India
			Gujarat			
1990-91	4622	3.79	4844	2.75	1050	76.09
1995-96	3752	3.10	4103	2.27	1090	73.15
1999-2K	3416	2.78	4052	1.94	1190	70.00
			Madhya Pradesh			
1990-91	16859	13.83	15508	8.79	920	66.67
1995-96	17511	14.47	18073	10.02	1030	69.13
1999-2K	17706	14.39	21016	10.06	1190	70.00
			Maharashtra			
1990-91	14400	11.82	12184	6.91	850	61.59
1995-96	13275	10.97	11604	6.43	870	58.39
1999-2K	13572	11.03	12607	6.04	930	54.71
			Rajasthan			
1990-91	12655	10.38	10935	6.20	860	62.32
1995-96	11902	9.84	9567	5.30	800	53.69
1999-2K	10944	8.89	10700	5.12	978	57.53
			India			
1990-91	121871	....	176390	....	1380	....
1995-96	121015	....	180415	....	1490	....
1999-2K	123059	....	208875	....	1700	....
Max/Min						
1990-91	3.65	….	3.20	….	1.24	….
1995-96	4.67	….	4.40	….	1.36	….
1999-2K	5.18	….	5.19	….	1.28	….
CV - Yield		1990-91	1995-96	1999-2K		
		10.00	14.27	12.84		

Source : CMIE Nov. 2001 Page No. 126-131.

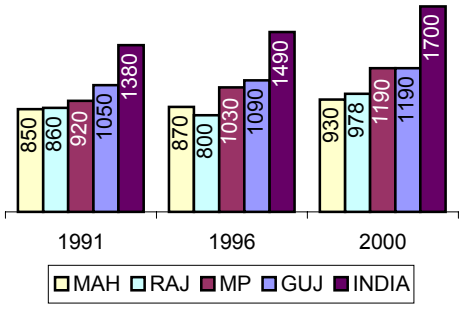
Table – 5.20 describes one major indicator reflecting the level of disparity is examined in terms of area, production and yield of food grains. It is also further

highlighted through computing Max/Min ratio and co-efficient of variations. The table depicts the following trends.

The area and the production of food grain in respect of percentage to India and in aggregate emphasis on one common characteristics that of sizable fluctuations. Coming to area perspective it tends to have declining over a period of time in the Gujarat state where as in Madhya Pradesh and Maharashtra it is varied over a period of time. Max/Min ratio reveals that there is continuous increase in the gap between the states over the years.

The production trend is again found similar of continuous decline in percentage in the state like Gujarat, Maharashtra and Rajasthan. Max/Min ratio also suggests an increase in the gap between the states over the different years.

CHART - 12
Productivity - Foodgrains
(Kg./Hec.)



Unlike the above two yield in percentage to India provides a distinct picture. Here, Gujarat is leading to all the three states over the different years. Though, it is important to note that yield in percentage to India over a period of time is declining in all the states except Madhya Pradesh. In Madhya Pradesh it is increasing this percentage from amongst four states, was minimum in Maharashtra in 1999-2000 and it was minimum in Rajasthan in 1995-96. In other words in comparison with Maharashtra during the last half of the reforms Rajasthan exhibited good performance.

Coming to co-efficient of variations it is reflected that it had increased between 1991-96 while between 1996-2000 it had decreased. Though it was in comparison with 1991. It therefore states that the disparity in respect of the yield between the states shows fluctuating trends.

Table – 5.21

Area, Production and Yield of Oil Seeds

Area - '000 Hec.			Production - '000 Tns.		Yield - Kg./Hec.	
Year	**Area**	% to India	**Production**	% to India	**Yield**	% to India
			Gujarat			
1990-91	2818	11.67	2106	11.32	747	97.00
1995-96	2912	11.22	2164	9.79	743	87.28
1999-2K	2793	11.02	1733	8.30	621	75.34
			Madhya Pradesh			
1990-91	3673	15.21	3191	17.15	869	112.76
1995-96	5296	20.40	4950	22.39	935	109.75
1999-2K	5790	22.85	5592	26.79	966	117.25
			Maharashtra			
1990-91	2555	10.58	1893	10.17	741	96.12
1995-96	2689	10.36	1981	8.96	737	86.50
1999-2K	2559	10.10	2642	12.66	1033	125.38
			Rajasthan			
1990-91	3080	12.75	2356	12.66	765	99.25
1995-96	3842	14.80	3070	13.89	799	93.84
1999-2K	3634	14.34	3579	17.15	985	119.55
			India			
1990-91	24150	....	18609	....	771	....
1995-96	25960	....	22106	....	852	....
1999-2K	25340	....	20872	....	824	....
Max/Min						
1990-91	1.44	....	1.69	....	1.17	....
1995-96	1.97	....	2.50	....	1.27	....
1999-2K	2.26	....	3.23	....	1.66	....

Source : CMIE Nov. 2001 Page No. 126-131.

Table – 5.21 exhibits the area, production and yield of oilseeds. It covers the year 1990-91, 1995-96 and 1999-2000. Following picture is available from the table.

(i) In respect of the area in aggregate and percentage to India Madhya Pradesh is found leading to all the states during the three specified years. It is followed by Rajasthan, Gujarat and Maharashtra. Max/Min ratio in this regard suggests an increase during the different years. It means the

disparity between the states from the area point of view has increased over the period of time.

(ii) In context of production the trend is found nearly same to that of area. However, in this regard the ranking order can be changed a little. Madhya Pradesh being at the top is followed by Rajasthan, Maharashtra and Gujarat. To highlight further it can be stated through Max/Min ratio it is found to have increased suggesting widening the gap between the states over the period of time. It can be stated that in the year1990-91 Gujarat had more production in comparison with Maharashtra, which was the same in 1996 too but in 2000 the ranking of the states got interchanged.

(iii) Yield of oilseeds if examined points out that Madhya Pradesh led the scenario keeping behind Rajasthan, Maharashtra and Gujarat. From the temporal point of view within the state there is found continuous and sizable decline in the state like Gujarat, where as the remaining three states it shows downs and ups. Max/Min ratio also confirms to the view that the disparity in yield between the states over the period has increased, more particularly it is found to have increased at greater pace with much intensity.

Table – 5.22 is indicator of area, production and yield of cotton. It expresses the following trends

(i) With regard to area in aggregate and in percentage to India it is found that Maharashtra is having an edge over the remaining three states. Gujarat is followed by Maharashtra, while Rajasthan is at the bottom level. The Max/Min ratio also confirms the view that there is an increase over the period of time and particularly in the later half of the reforms it has increased with more intensity. Therefore, it can be said that the disparity in this regard between the states has increased.

(ii) Looking at the production perspective it is revealed that Maharashtra is at the top during all the three years. While Madhya Pradesh stands to be at

Table – 5.22
Area, Production and Yield of Cotton

Area - '000 Hec. Production - '000 Bales (170 Kg. Each) Yield - Kg./Hec.

Year	Area	% to India	Production	% to India	Yield	% to India
			Gujarat			
1990-91	1042	14.01	1323	13.44	216	95.97
1995-96	1517	16.78	2202	17.12	247	102.03
1999-2K	1539	17.57	2086	17.91	230	101.95
			Madhya Pradesh			
1990-91	608	8.17	397	4.03	111	49.30
1995-96	514	5.69	424	3.29	140	57.92
1999-2K	488	5.57	457	3.92	159	70.38
			Maharashtra			
1990-91	2721	36.57	1880	19.10	117	52.24
1995-96	3078	34.05	2796	21.74	154	63.85
1999-2K	3254	37.15	3100	26.62	162	71.67
			Rajasthan			
1990-91	464	6.24	918	9.33	336	149.62
1995-96	606	6.70	1338	10.41	375	155.23
1999-2K	583	6.66	984	8.45	287	127.01
			India			
1990-91	7440	....	9842	....	225	....
1995-96	9040	....	12861	....	242	....
1999-2K	8760	....	11644	....	226	....
Max/Min						
1990-91	5.86		4.74		3.04	
1995-96	5.99		6.60		2.68	
1999-2K	6.67		6.79		1.80	

Source : CMIE Nov. 2001 Page No. 126-131.

the bottom. The trend when examined within the states from the temporal point of view it is found increasing in Gujarat and Maharashtra, while in case of Madhya Pradesh and Rajasthan there is found declining trend. The Max/Min ratio in this regard provides us the picture where in the disparity is found to have increased over the period of time.

(iii) Last portion in the table highlights yield in percentage and in aggregate. It is reflected from the table that Rajasthan is leading in this regard to all other states. Gujarat follows to Rajasthan, while Madhya Pradesh is at the bottom. Max/Min ratio during the first half of the reforms is found to have

declined much less while in later half that rate of declining is found more. Therefore, in respect of the yield the level of disparity between the states is gradually declined.

Table – 5.23
Area Under Food and Non-Food Crops

('000 Hec.)

State/ India	Food Crops		Non-Food Crops	
	1995-96	1999-2K	1995-96	1999-2K
GUJ	3752	3416	6330	6917
MP	17511	17706	7081	7903
MAH	13275	13572	8052	8714
RAJ	11902	10944	7770	8342
INDIA	121015	123059	65546	66636
Max/Min	4.67	5.18	1.27	1.26
C.V.	49.59	52.69	10.53	9.73

Source : CMIE Nov. 2001 Page No. 126-131.

CHART - 13
Area Under Food and Non Food Crops

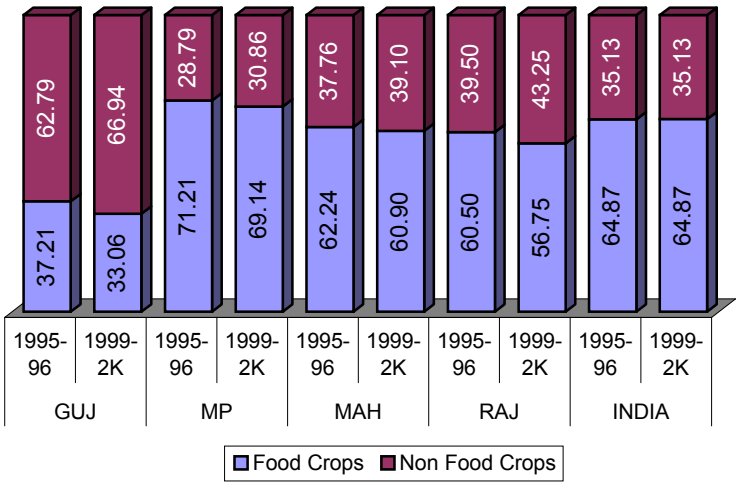


Table – 5.23 in brief provides comparative picture of the area covered under food and non-food crops in the year 1995-96 and 1999-2000. The same is also supported by computing Max/Min ratio and co-efficient of variations. It is reflected from the table that in respect of the food crops both Max/Min ratio and co-efficient of variation indicates upward trend suggesting an increase in the disparity. While in case of non-food crops the Max/Min ratio and co-efficient of variation highlights a little fall indicating the fall in the level of disparity over the period of time. It is

further found that a tendency to shift over from food crops to non-food crops is found more in Madhya Pradesh, Maharashtra, Rajasthan and Gujarat.

Table – 5.24

Trends in Irrigation

Year	Area Irrigated by				Net Irrigated Area '00 Hec	Gross Irrigated Area '00 Hec	Intensity of Irrigated Cropping	Gross Cropped Area '00 Hec	% of Gross Irrigated Area to Gross Cropped Area
	Canals	Wells	Tanks	Other					
	(as % of Net Irrigated Area)								
					Gujarat				
1990-91	19.4	79.18	1.29	0.12	24376	29105	119	106350	27.37
1995-96	19.8	78.37	1.44	0.36	28922	34994	121	109960	31.82
1999-00	19.5	78.84	0.81	0.81	30820	38400	125	111440	34.46
					Madhya Pradesh				
1990-91	23.97	60.90	3.13	12.00	34170	34980	102	182190	19.20
1995-96	20.16	63.01	2.43	14.39	48500	50300	104	192730	26.10
1999-00	17.70	65.57	2.33	14.40	56610	58280	103	204190	28.54
					Maharashtra				
1990-91	....	62.60	....	37.40	26710	33190	124	218590	15.18
1995-96	....	64.93	....	35.07	28800	35500	123	215040	16.51
1999-00	....	54.52	....	45.48	25680	33740	131	218970	15.41
					Rajasthan				
1990-91	32.64	62.07	3.68	1.61	43500	53500	123	193800	27.61
1995-96	28.61	66.90	3.61	0.88	52330	63610	122	196730	32.33
1999-00	28.85	68.91	1.40	0.85	56119	69340	124	192860	35.95
					All India				
1990-91	36.34	51.42	6.13	6.11	480230	632040	132	1857420	34.03
1995-96	32.06	55.61	5.84	6.49	534020	713520	134	1874700	38.06
1999-00	31.44	58.76	4.73	5.08	572380	763360	133	1897400	40.23

Source : Directorates of Agriculture of Different States.

Table – 5.24 is providing detailed exposition on a major component like irrigation. It enlists six of the key indicators pertaining to irrigation.

(i) The first part of it refers to the scenario of the states in context of source of irrigation as percentage of net area irrigated. This part clearly highlights that irrigation by wells is found a major source in all the four states along with All India scenario. Between the states however there is found little unevenness. Gujarat is leading to all other states in context of irrigation by wells. Rajasthan follows Gujarat, while Madhya Pradesh and Maharashtra lag behind. From the source of net irrigated area canals irrigation is found

more in Rajasthan, Madhya Pradesh and Gujarat. Apart from these two sources there is very little proportion of net area irrigated through tanks and other sources.

(ii) Coming to net area irrigated it is found that Rajasthan leads the other states and Maharashtra is at bottom level. Secondly, it is also found from the table that the gap in respect of the net area irrigated between the four states is found more in the later part of the reforms.

(iii) Gross irrigated area also leads to the fact that in comparison with 1990-91 in the year 1999-2000 it has increased at greater length in the states like Madhya Pradesh, Rajasthan, Gujarat and Maharashtra.

(iv) In respect of irrigation intensity across the states, there is sizable gap in the irrigation intensity. From the temporal point of view fluctuations is found more in Gujarat in comparison with the states like Madhya Pradesh and Rajasthan. It is also important to note that as against the irrigation intensity of the nation it is found much less in all the four states.

(v) In respect of the percentage of gross irrigated area to gross cropped area it is again found that in relation to All India all the four states are lagging little behind. Across the states data reveals the fact that Rajasthan in this regard exhibits better than the states like Madhya Pradesh and Maharashtra. However, in the last available years of reforms there is found much wider gap between the states like Gujarat and Madhya Pradesh.

Table –5.25 explains the states share in irrigation both in terms of net irrigated area and gross irrigated area. An attempt is made to highlight the level of disparity by computing Max/Min ratio and co-efficient of variations. Following analysis can be presented.

(i) Looking to the net irrigated area it is found that Rajasthan and Madhya Pradesh are well-placed states in comparison with Gujarat and

Maharashtra. The data also reflects the fact that except Maharashtra situation is improving in other three states.

Table – 5.25

States' Share in Irrigation

(Percentage)

Year	GUJ	MP	MAH	RAJ	Max/Min	C.V.
Net Irrigated Area						
1990-91	5.08	7.12	5.56	9.06	1.78	26.78
1995-96	5.42	9.08	5.39	9.80	1.82	31.64
1999-00	5.38	9.89	4.49	9.80	2.20	38.69
Gross Irrigated Area						
1990-91	4.60	5.53	5.25	8.46	1.84	28.71
1995-96	4.90	7.05	4.98	8.91	1.82	29.63
1999-00	5.03	7.63	4.42	9.08	2.06	33.54

(ii) Max/Min ratio and co-efficient variations highlights that over period of time the level of disparity between the states has increased, particularly in comparison with first half of the reforms it has increased more in the second half. With very little variation in the year 1995-96 the trend in general in case of gross area irrigated is in conformity with the net area irrigated. Thus, from both the angles the level of disparity between the states provides the picture of more disparity.

Agricultural finance is one of the most important inputs to boost both, the production and productivity. An attempt is made have to examine the role of commercial banks in agricultural credit.

Table – 5.26

Agricultural Credit by Commercial Banks

(Rs. Crores)

State / India	1989-90			1994-95			1999-2K		
	Total Credit	Agri. Credit	% of Total Credit	Total Credit	Agri. Credit	Total Credit	Total Credit	Agri. Credit	% of Total Credit
GUJ	6471	841	13.00	11633	1328	11.42	25847	2378	9.20
MP	4516	1098	24.31	6932	1398	20.17	16228	3198	19.71
MAH	21350	1461	6.84	53850	2098	3.90	152206	4749	3.12
RAJ	2858	822	28.76	5420	1265	23.34	11944	2706	22.66
INDIA	104312	16626	15.94	210939	24948	11.83	460081	45638	9.92
Max/min		1.78			1.66			2.00	
C.V.		28.25			25.47			32.22	

Source : Monthly Review of Gujarat Economy, CMIE, Sept 2001, Page no. 4.

It is revealed from the Table –5.26 that the sample states do reflect the same tendency that is observed at national level. It is of declining percentage share of agricultural credit to the total credit. It is found declining in the states and the rate of decline is found more in case of Maharashtra and Rajasthan. Max/Min ratio and co-efficient variations in this regard refers to the fact that during the period 1990 to 1995 the disparity was found less but it was sharply increased after 1995 till 2000.

5.1.4 Secondary Sector

In view of making an overview of the prevailing status of industrial economy of the sample states, it is classified in to twelve different kinds of parameters, which in turn provides the picture in proximity to the real trends.

In Table – 5.27 an attempt is made primarily to assess the status of industry by way of numbers of working factories and their rate of growth. The table provides the data in aggregate numbers and percentage to the total of India. It also reflects annual compound growth in percentage in two periods.

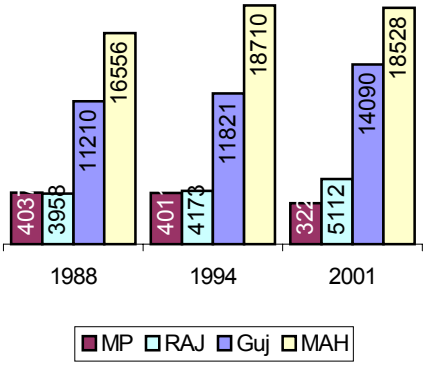
Table – 5.27
Number of Working Factories and their Rate of Growth

State/ India	Numbers of Working Factories					Compound Annual Growth %	
	1988	1994	1999	2000	2001	1988-1994	1994-2001
Guj	11210 (9.38)	11821 (9.72)	15455 (11.73)	14710 (11.18)	14090 (11.46)	0.89	2.54
MP	4037 (3.38)	4011 (3.30)	3216 (2.44)	3269 (2.48)	3221 (2.62)	-0.11	-3.08
MAH	16556 (13.86)	18710 (15.39)	19390 (14.72)	19009 (14.45)	18528 (15.07)	2.06	-0.14
RAJ	3958 (3.31)	4173 (3.43)	4778 (3.63)	5063 (3.85)	5112 (4.16)	0.89	2.94
INDIA	119494	121599	131706	131558	122975	0.29	0.16
Max/Min	4.18	4.66	6.03	5.81	5.75	....	....

Note : Figures in brackets indicate Percentage to India.
Source of Basic Data : Reports of Annual Survey of Industries, NSSO.

Following trends are obtained from the table.

CHART - 14
No. of Working Factories



(i) During all the periods Maharashtra is leading state in total numbers and in percentage. Next comes Gujarat, followed by Rajasthan and Madhya Pradesh.

(ii) It is further revealed that variation over the years in percentage is found continuously increasing in Rajasthan. Where as in the other three states there are sharp fluctuations. In general, in the last year it tends to have increased in these three states, but prior to that year it expresses falling trend

(iii) Annual compound growth in percentage of 1994-2001 periods against 1988-94 period demonstrates that it has increased maximum in Rajasthan followed by Gujarat. That rate is found to have fallen in Madhya Pradesh and Maharashtra.

(iv) To add to this fact Max/Min ratio during the period 1988 to 1999 indicates rising tend but from 1999 to 2001 it is again found falling.

Table – 5.28
Productive Capital in Working Factories

State/ India	Productive Capital - Rs. Crore					Compound Annual Growth %	
	1988	1994	1999	2000	2001	1988-1994	1994-2001
Guj	19431 (10.07)	23957 (10.68)	69477 (17.76)	66601 (16.57)	72088 (18.62)	3.55	17.04
MP	15175 (7.87)	16139 (7.19)	17516 (4.48)	16731 (4.16)	14084 (3.64)	1.03	-1.93
MAH	31939 (16.56)	38952 (17.36)	56837 (14.53)	70412 (17.52)	67532 (17.44)	3.36	8.18
RAJ	7607 (3.94)	6113 (2.72)	11431 (2.92)	19945 (4.96)	17719 (4.58)	-3.58	16.42
INDIA	192871	224413	391151	401865	387119	2.56	8.10
Max/Min	4.20	6.37	6.08	4.21	5.12	....	....

Note : Figures in brackets indicate Percentage to India.
Source of Basic Date : Reports of Annual Survey of Industries, NSSO.

Table –5.28 leads to point out the productive capital during the different years in rupees aggregate and percentage share to India. Compound annual growth in percentage and Max/Min ratio is also worked out to refer to the status of the variations. It is derived from the table that –

(i) In aggregate rupees and in percentage Gujarat and Maharashtra are the leading states, while Rajasthan and Madhya Pradesh are lagging far behind to these two states. It is clearly observed that there appears to be sharp fluctuating trends both in Maharashtra and Gujarat as long as amount of capital is concerned. However, the gap between these two states is not very high. The same is true in case of Madhya Pradesh and Rajasthan.

(ii) Looking at the compound annual growth rate in percentage the second half of the reforms suggests sound level of investment in Gujarat, Rajasthan and Maharashtra, while it is not found that sound in Madhya Pradesh.

(iii) Max/Min ratio in this regard expresses that it had widened during the first half of the reforms, while it went declining till the year 2000, but again in 2001 it shows an increase.

More realistic picture is available in terms of total value of output in working factories from Table – 5.29.

Table – 5.29
Total Value of Output in Working Factories

State/ India	Value of Output - Rs. Crore					Compound Annual Growth %	
	1988	1994	1999	2000	2001	1988-1994	1994-2001
Guj	44290 (12.02)	46904 (11.02)	113191 (14.44)	118551 (13.20)	127977 (14.49)	0.96	15.42
MP	21443 (5.82)	24565 (5.77)	28586 (3.650	44089 (4.91)	36712 (4.16)	2.29	5.91
MAH	78072 (21.18)	92233 (21.66)	161160 (20.56)	181333 (20.19)	184971 (20.95)	2.82	10.45
RAJ	12150 (3.30)	13919 (3.27)	23820 (3.04)	29960 (3.34)	30784 (3.49)	2.29	12.01
INDIA	368614	425744	783771	897938	883079	2.43	10.99
Max/Min	6.43	6.63	6.77	6.05	6.01	....	....

Note : Figures in brackets indicate Percentage to India.

Source of Basic Date : Reports of Annual Survey of Industries, NSSO.

The table suggests that in the progressive states like Maharashtra and Gujarat the year 1994 provides mixed picture which had turned to be positive more in case of Gujarat in 1999, while in the remaining states there was declining trend. That situation improved in the year 2000 over the previous year in Madhya Pradesh and Rajasthan, and in 2001 except Madhya Pradesh there was an improvement over the previous year.

The compound annual growth in percentage from the temporal perspective suggests that Rajasthan and Gujarat had excessive good performance followed by Maharashtra, while Maharashtra and Madhya Pradesh reflected the trend lower to the national rate. Max/Min ratio tells that it had an increase in variation from 1988 onwards till 1999 and thereafter consecutively there is falling rate of variation.

Per capita gross output in industries is reflected in Table – 5.30. The compound annual growth rate is primarily divided in to two parts. It refers to the period 1994-95 to 1997-98 and 1997-98 to 2000-01. Further it provides the picture of the aggregate reforms period covering 1994-95 to 2000-01.

Table – 5.30

Per Capita Gross Output in Industries and Its Growth During Reforms Period

State/ India	In Rupees					Compound Annual Growth Rate during		
	1994-95	1997-98	1998-99	1999-00	2000-01	1994-95 TO 1997-98	1997-98 TO 2000-01	1994-95 TO 2000-01
GUJ	12822	22823	23969	24225	25496	21.19	3.76	12.14
MP	4047	5801	3619	7486	6150	12.75	1.97	7.22
MAH	12923	19423	17954	19202	19470	14.55	0.08	7.07
RAJ	3739	5563	4516	5469	5451	14.16	-0.68	6.48
INDIA	5730	8618	8037	8965	9111	14.57	1.87	8.04

Source of Basic Data : Reports of Annual Survey of Industries, NSSO.

The table highlights the fact that during the first part of the reforms the rate was higher to the national rate only in Gujarat and that was sizably higher. While in second part of reforms period the trend was more or less the same. The rate has fallen excessively at the national level and in the states. Like first part Gujarat had an edge over the national average. Madhya Pradesh had also a little edge,

CHART - 15
Per Capita Gross Output in Industries

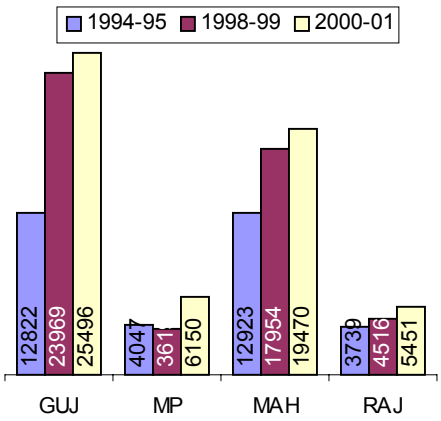
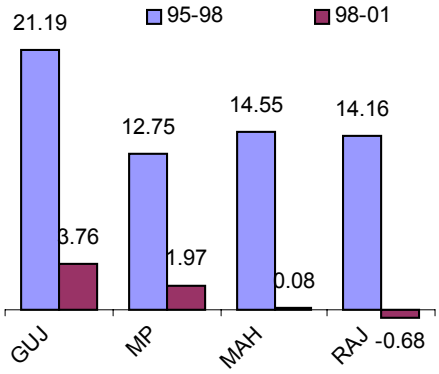


CHART - 16
GR of Per Capita Gross Output in Industries



but it was again lower in Maharashtra and negative in Rajasthan. The aggregate reforms period there upon states that Gujarat is found to have well placed in comparison to the national rate as well as the other states. Madhya Pradesh, Maharashtra and Rajasthan follow it respectively.

The status of industrial economy is well depicted in Table – 5.31 by way of providing data on net value added in factories. Apart from the amount in rupees crore its percentage share to the total of India is given in brackets for more precise picture. The table also provides compound annual growth in percentage and Max/Min ratio.

Table – 5.31
Net Value Added in Working Factories

State/ India	Net Value Added - Rs. Crore					Compound Annual Growth %	
	1988	1994	1999	2000	2001	1988-1994	1994-2001
Guj	8038 (11.28)	9425 (10.66)	18896 (12.99)	19276 (12.44)	16855 (12.24)	2.69	8.66
MP	3907 (5.48)	5372 (6.07)	4440 (3.05)	5637 (3.64)	6208 (4.51)	5.45	2.09
MAH	16210 (22.75)	21604 (24.43)	31300 (21.52)	34588 (22.32)	31261 (22.70)	4.90	5.42
RAJ	2326 (3.26)	2380 (2.69)	3572 (2.46)	5315 (3.43)	5258 (3.82)	0.38	11.99
INDIA	71248	88434	145461	154974	137708	3.67	6.53
Max/Min	6.97	9.08	8.76	6.51	5.95	....	....

Note : Figures in brackets indicate Percentage to India.
Source of Basic Data : Reports of Annual Survey of Industries, NSSO.

Following inferences can be derived from the table.

(i) Net value added in percentage share highlights the fact that from the temporal point of view sharp fluctuating trend is found in each of the states. Gujarat indicates its share falling in the 1994 against 1988 and there after sharply falling consecutively. In case of Madhya Pradesh and Maharashtra it is revealed that percentage share had increased in 1994 over 1988 which again fall in 1999 and there after increased consecutively. Rajasthan reflects the same tendency as observed in Gujarat.

(ii) From the compound annual growth in percentage in relation to the India level it has increased over the period of time in the states like Rajasthan and Gujarat, where as same indicates below the India level in Maharashtra and Madhya Pradesh. Max/Min ratio in the initial stage suggested an increase but there after that is from 1994 onward till 2001 it shows declining. It means that the level of disparity across the states over the period is gradually reduced.

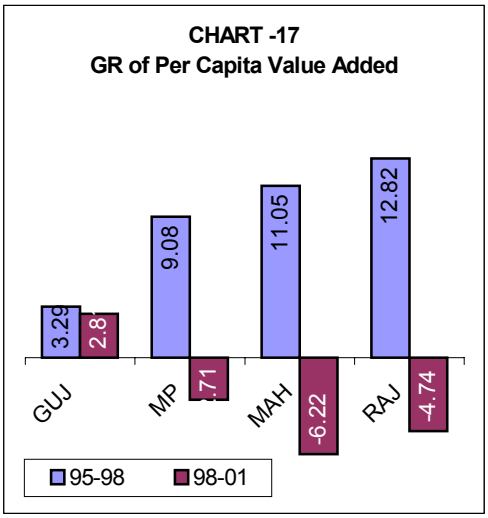
Table – 5.32

Per Capita Value Added in Industries and Its Growth During Reforms Period

State/ India	In Rupees					Compound Annual Growth Rate during		
	1994-95	1997-98	1998-99	1999-00	2000-01	1994-95 TO 1997-98	1997-98 TO 2000-01	1994-95 TO 2000-01
GUJ	2806	3092	4001	3952	3360	3.29	2.81	3.05
MP	866	1124	573	991	1035	9.08	-2.71	3.02
MAH	2820	3862	3512	3635	3185	11.05	-6.22	2.05
RAJ	750	1077	685	932	931	12.82	-4.74	3.67
INDIA	1200	1628	1495	1549	1447	10.70	-3.85	3.17

Source of Basic Data : Reports of Annual Survey of Industries, NSSO.

Table – 5.32 indicates per capita value added in industries during the period of 1994-95 to 2000-01. Apart from the figures in rupees it also reflects compound annual growth rate during the periods 1994-95 to 1997-98, 1997-98 to 2000-01 and 1994-95 to 2000-01. Having a look at the table it can be summarised that during the first half of the reforms per capita value addition is found higher in



Gujarat and Maharashtra in comparison with India. The compound annual growth rate however reflects that during the first half Rajasthan and Maharashtra had an edge over India as well as the other two states. The second half in respect of compound annual growth rate indicates declining trends in all the states as well as at the national level except Gujarat. The average scenario during aggregate reforms period highlights that it was only Rajasthan, which had per capita value added more in comparison with the national level, while in the remaining three states the rate is found below the national rate.

Employment of industrial economy is crucial point, which virtually tends to reflect the effect over disparity. The scenario of the states as well as India in this regard is reflected in following Table – 5.33.

Table – 5.33
Number of Employees in Working Factories

State/ India	Number of Employees - '000 persons					Compound Annual Growth %	
	1988	1994	1999	2000	2001	1988-1994	1994-2001
Guj	726 (8.34)	760 (8.73)	816 (9.50)	823 (10.07)	752 (9.95)	0.77	-0.15
MP	455 (5.23)	452 (5.19)	301 (3.50)	268 (3.28)	253 (3.35)	-0.11	-7.96
MAH	1282 (14.73)	1316 (15.11)	1232 (14.34)	1217 (14.89)	1173 (15.52)	0.44	-1.63
RAJ	261 (3.00)	252 (2.89)	238 (2.77)	235 (2.88)	232 (3.07)	-0.58	-1.17
INDIA	8705	8708	8589	8173	7557	0.01	-2.00
Max/Min	4.91	5.22	5.18	5.18	5.06		....

Note : Figures in brackets indicate Percentage to India.
Source of Basic Date : Reports of Annual Survey of Industries, NSSO.

Prior to the reforms period that is in 1988 Maharashtra and Gujarat were found to have sound position in comparison with the other two states. This situation is

found consistently improved during the period of reforms till 2000 in Gujarat. In Maharashtra the trend was similar but for the year of 1999, which indicated decline in percentage share in employment. Rajasthan expressed the same tendency from 1988 to 1999, but there after there is an improvement. In case of Madhya Pradesh during the period of 1988 to 2000, there appeared to be decline in the share in percentage, which went up a little in 2001. Max/Min ratio in aggregate suggests continuous trend, while compound annual growth in percentage it is found that during the first half of the reforms it was more in Gujarat and Maharashtra in relation to India. However, in the second half level of negative trend reflected in Gujarat and Maharashtra was again less to the national level.

More precise is the picture found in Table – 5.34 in the case of industries by the way of working out the employment ratio per lakh of the population. It is clearly

Table – 5.34

Average Daily Factory Employment and Its Growth During Reforms Period

State/ India	Per Lakh of Population					Compound Annual Growth Rate during		
	1994-95	1997-98	1998-99		2000-01	1994-95 TO 1997-98	1997-98 TO 2000-01	1994-95 TO 2000-01
GUJ	1822	1842	1828	1739	1739	0.36	-1.90	-0.77
MP	789	788	789	1027	679	-0.04	-4.84	-2.47
MAH	1528	1472	1456	1342	1340	-1.24	-3.08	-2.16
RAJ	687	602	838	652	670	-4.31	3.63	-0.42
INDIA	1059	1088	1121	1202	1139	0.90	1.54	1.22

Source of Basic Data : Reports of Annual Survey of Industries, NSSO.

found from the table that over the period of time the number of average daily factory employment is found continuously declining in Gujarat and Maharashtra, while the year 1999-2000 suggested an increase in the same over the previous year, but in the last available year it is again found decreased. Compound annual growth rate reflects more or less the same trend that is falling over the years in providing employment. The situation in relation to India in all these states is again much below the level.

Table – 5.35 is important one as it provides the data on the proposed investment and its actual implementation. It covers the period of Aug. 1991 to Nov. 2003 in

aggregate and divided into two parts of Aug. 1991 to Dec. 1996 and Jan. 1997 to Nov. 2003.

Table – 5.35

State-wise Nos. of IEMs Filled and Implemented - AUG 1991 To NOV 2003

PERIOD	IEMS Filled			IEMs Implimented			Rate of Implimentation (%)
	IEMs	Proposed Investment (Rs. Crore)	% Share of State in Investment	No. of IEMs	Investment (Rs. Crore)	Employment (Nos.)	
			Gujarat				
AUG 91 TO DEC 96	4253	109770	20.19	....	....	....	....
JAN 97 TO NOV 03	2137	76863	13.50	....	....	....	....
AUG 91 TO NOV 03	6390	186633	16.77	951	33863	135830	18.14
			Madhya Pradesh				
AUG 91 TO DEC 96	1356	29810	5.48	....	....	....	....
JAN 97 TO NOV 03	659	13253	2.33	....	....	....	....
AUG 91 TO NOV 03	2015	43063	3.87	282	8376	65885	19.45
			Maharashtra				
AUG 91 TO DEC 96	5110	98974	18.20	....	....	....	....
JAN 97 TO NOV 03	5072	135471	23.79	....	....	....	....
AUG 91 TO NOV 03	10182	234445	21.06	852	27270	151225	11.63
			Rajasthan				
AUG 91 TO DEC 96	1531	24883	4.58	....	....	....	....
JAN 97 TO NOV 03	931	15068	2.65	....	....	....	....
AUG 91 TO NOV 03	2462	39951	3.59	331	10986	74017	27.50
			All India				
AUG 91 TO DEC 96	28391	543716	....	....	....	....	....
JAN 97 TO NOV 03	22375	569488	....	....	....	....	....
AUG 91 TO NOV 03	50766	1113204	....	5405	187122	907551	16.81

Source: http://siadipp.nic.in/publicat/stats/dec2003/index.htm

Looking at the table it is observed that from amongst the four states percentage share of state in investment is found highest in Gujarat, followed by Maharashtra, Madhya Pradesh and Rajasthan. However, sharp gap is found in this regard in between Gujarat-Maharashtra and Rajasthan-Madhya Pradesh. Numbers of IEMs also confirms the same trend. However, looking at the rate of implementation it is found otherwise. Rajasthan in this regard is top in the rank, followed by Madhya Pradesh, Gujarat and Maharashtra.

As long as Indian economy is concerned actual opening up of the economy has began after July 1991. It is therefore important to assess the receptivity of Indian exporters after the period of 1991. It is in part the reflection of the impact of changes in the export policy. Table – 5.36 makes an attempt to review the entire

scenario in terms of state-wise distribution of 100 percent export oriented units, their percentage share to India, investment of the units and employment in the units.

Table – 5.36
STATEWISE DISTRIBUTION OF 100% EXPORT ORIENTED UNITS (EOUs)
(AUGUST 1991 TO DECEMBER 2002)

State/ India	No. of EOU	% Share	Investment (Rs.Crore)	% Share	Employment (Nos.)	% Share
GUJ	458	11.71	8356	5.65	58477	8.78
MP	118	3.02	9017	6.10	40613	6.10
MAH	571	14.60	7589	5.13	90025	13.52
RAJ	223	5.70	4960	3.36	30186	4.53
INDIA	3911	100.00	147807	100.00	665801	100.00

Source: http://siadipp.nic.in/publicat/stats/dec2003/index.htm

As long as the number and percentage share is concerned under the reforms Maharashtra ranks first in order followed by Gujarat, Rajasthan and Madhya Pradesh. However, the gap between Madhya Pradesh and Maharashtra is much wide.

In context of the investment it is observed that Madhya Pradesh stands first in percentage share of investment by EOUs, Gujarat stands next to Madhya Pradesh, while Rajasthan is trailing behind in this regard.

From the employment perspective percentage share of Maharashtra is found maximum amongst four states, while Rajasthan at the bottom experiences excessive gap with Maharashtra. It is thus clear to state that both from the number of EOUs and employment Maharashtra and Gujarat are in better position in relation to Madhya Pradesh and Rajasthan. While investment share is found much higher in Madhya Pradesh. Therefore nature of EOUs could be small in size in Maharashtra and Gujarat, while it could be of large size in Madhya Pradesh.

Table – 5.37 reflects the state wise foreign investment approved during the period of reforms along with its percentage share to India.

Table – 5.37

STATE-WISE FOREIGN INVESTMENT APPROVED

(Rs. in Million)

State/ India	No. of Approvals			Amt. of FDI Approved	% Share of State in Amt.
	Total	Tech.	Fin.		
GUJ	1049	505	544	184532.54	6.58
MP	225	70	155	92273.63	3.29
MAH	3959	1146	2813	486601.80	17.35
RAJ	320	100	220	30047.23	1.07
INDIA	21926	7039	14887	2804421.51	100.00

Note : Increase/Decrease in FDI approvals on account of Change in Location

Source: http://iic.nic.in/iic2_c03.htm

It is found from the table that the states like Maharashtra and Gujarat are far ahead in comparison with the states like Rajasthan and Madhya Pradesh. From amongst the total approvals it is found that financial approved investment is more than double to the technical approved investment in India, while in respect of the states this trend is observed in all the states except Gujarat.

Looking to the percentage share of the states it is revealed that Maharashtra stands at the top, Gujarat is second, while Madhya Pradesh and Rajasthan follows respectively. The gap that is found between Rajasthan and Maharashtra is very wide. In other words as long as tendency for foreign investment is concerned the bias is obviously found in favour of relatively progressive state like Maharashtra and Gujarat. However, the gap between the first and second is also reasonably wide.

Small scale sector is looked at with different perspective under changing economic environment. It is therefore interesting to have a look at the trends for registration for SSI in the different sample states along with aggregate trend in India.

It is found from Table – 5.38 that the state like Madhya Pradesh is leading to all other states in respect of the percentage share of registered SSI units. This trend id consecutively observed right from 1995-96 to 2000-01. Next to Madhya Pradesh there is Gujarat reflecting the same trend over the period of time. Maharashtra and Rajasthan falls in rank accordingly.

Table – 5.38

Statement showing All India cumulative number of SSI Units (SIDO) granted Permanent Registration by the State/UT Directorates of Industries up to the Financial Year

Position as on:02.07.2001

State/ India	Cumulative Number of SSI Units granted Permanent Registration up to					
		1996-97	1997-98	1998-99	1999-2k	2000-01(P)
GUJ	129455	141951	153497	164785	174899	185008
	(6.42)	(6.59)	(6.79)	(6.93)	(6.99)	(6.92)
MP	233225	243481	256849	268741	277804	289042
	(11.56)	(11.31)	(11.36)	(11.30)	(11.10)	(10.82)
MAH	98144	111129	123856	135016	143457	151749
	(4.86)	(5.16)	(5.48)	(5.68)	(5.73)	(5.68)
RAJ	71479	74450	77047	80229	83651	88486
	(3.54)	(3.46)	(3.41)	(3.37)	(3.34)	(3.31)
INDIA	2017499	2152794	2261256	2378070	2503641	2672188

Note : Figures in brackets indicate Percentage to India.

Source: http://www.smallindustryindia.com/ssiindia/statistics/st_unit.htm

From the temporal point of view the percentage share is found continuously increasing in case of Gujarat but for the year 2000-01. While in Madhya Pradesh that share expresses ups and downs in the beginning but again falling consecutively from 1997-98 onwards. It important to note here that in the state like Maharashtra percentage share is found continuously increasing in all the years except the year 2000-01. In case of Rajasthan it is consecutively falling.

In context of cumulative numbers varied over the period from 1995-96 to 2000-01 it is found with varied with increasing trend in all the states. However, that rate of variation if examined between the states, it is observed that the gap between Madhya Pradesh and Gujarat is very little, with little more variation with Maharashtra, and it is varied at greater intensity between Rajasthan and Madhya Pradesh.

5.1.5 Infrastructure

Infrastructure is identified as engine of economic growth. It is various infrastructural amenities, which influence the pace of development. As part of examining the level of disparity here focus is on the status of infrastructure found in different states in respect of the period of economic reforms.

Table – 5.39

State-level Coverage of Roads

(Road length in Kilometres per 100 Sq. Km./One Million Population)

States/ India	1981		1991		1997		1999	
	100 Km^2	Million of Population	100 Km^2	Million of Population	100 Km	Million of Population	100 Km	Million of Population
GUJ	29.63	17.04	41.26	25.22	46.37	19.59	47.60	19.53
MP	23.62	20.07	31.58	21.18	45.13	26.33	46.00	25.86
MAH	57.38	28.12	72.07	28.14	117.62	40.98	124.10	42.23
RAJ	19.65	19.63	35.80	27.91	37.89	25.43	41.20	26.63
INDIA	45.13	21.68	61.27	23.88	74.93	25.82	76.80	25.61
Road Index - India = 100								
GUJ	65.65	78.60	67.34	105.61	61.88	75.87	61.98	76.26
MP	52.34	92.57	51.54	88.69	60.23	101.98	59.90	100.98
MAH	127.14	129.70	117.63	117.84	156.97	158.71	161.59	164.90
RAJ	43.54	90.54	58.43	116.88	50.57	98.49	53.65	103.98
Max/Min	2.92	1.65	2.28	1.33	3.10	2.09	3.01	2.16
C.V.	52.32	22.59	40.64	12.65	60.62	32.41	61.30	33.79

Note : Road coverage in this table refers to all category of roads (both surfaced and unsurfaced) including National Highways, State Highways, major district roads, other district roads and rural roads. Data as on 31st March of the indicated year.

Source : Planning Commission, as also reported in Basic Road Statistics of India, 1995-96 & 2001-02.

Table – 5.39 provides important information regarding state level coverage of roads in kilometres per one hundred square kilometres of geographical area and per one million of population. An attempt is made to highlight the picture through working out the road index along with its Max/Min ratio and co-efficient of variations.

Some major trends are obtained from the table as under.

(i) In respect of the road length in km. per ’00 sq. km. Maharashtra is surpassing all the other three states. This is reflected in all four specified years. Gujarat follows Maharashtra but there is found greater differentiation in this regard between the two states in all the four years. Madhya Pradesh and Rajasthan ranks third and forth accordingly. There is not found much gap between these two states. However, Max/Min ratio in this regard ascertains that it had declined between 1981 and 1991, increased between 1991 and 1997 and again fall a little between 1997 and 1999. Considering the year 1991 as the base for the reforms Max/Min ratio is found to have

increased in 1999. Co-efficient of variations also reflects the same trend indicating the increase in disparity.

(ii) Both Max/Min and C.V. when examined in light of road coverage per million of population, demonstrates the fact that it had fallen during 1981 to 1991, there after an increase in 1997 continued in 1999 too. Thus the level of disparity in this regard is clearly found to have increased during the reforms period.

The scenario in1999 over the period of 1981 indicates increasing trend in all the four states along with India. However, that increase in relation to India is found more only in Maharashtra in consideration of road length per '00 sq. km. In respect of coverage per million of population primarily the trend is the same, but with an exception in case of Gujarat where the change is lower than the national level. In other states it is found more than the national level.

(iii) Road index further highlights the fact that Maharashtra is surpassing level of India in both considerations during all the periods. Where as in case of Gujarat it was only in the year 1991 when the index in context of million of population has surpassed the national level baring that it was much below. In case of Madhya Pradesh in year 1997 and 1999 that the index for the million of population was slightly up the India's level. This was reflected in case of Rajasthan with little more variations in the year 1991 and 1999. To sum up it clearly observed as per the road index that there prevails wider disparity between the states.

Table – 5.40 provides data on villages connected by roads. It is indicated in actual numbers and in percentage to the total villages.

Following trends are reflected from the table.

(i) In relation to India Gujarat and Maharashtra indicates very sound position, while the same is in reverse in case of Madhya Pradesh and Rajasthan.

Table – 5.40

Villages Connected by Roads

States/ India	1991-92		1994-95		1996-97	
	Villages Connected	As % of Total Villages	Villages Connected	As % of Total Villages	Villages Connected	As % of Total Villages
GUJ	15445	85.27	16262	89.78	17006	94.33
MP	19504	27.52	19745	27.86	18606	28.39
MAH	17104	47.01	17474	48.03	27971	70.77
RAJ	11436	34.34	12023	36.10	19713	52.03
INDIA	274088	46.53	281791	47.83	353287	56.55
Max/Min		3.10	1.64	3.22	1.64	3.32
	21.39	53.13	19.79	54.52		45.59

Source : CMIE, Report on infrastructure, Feb 2003 Pg. 111.

(ii) Between 1991-92 and 1994-95 both Max/Min ratio and C.V. clearly indicates an increase, which in the year 1996-97 is found the same in case of Max/Min ratio but C.V. has considerably decreased.

(iii) Considering the rate of progress from the temporal point of view during the last phase of 1996-97 Maharashtra and Rajasthan showed exceptionally higher growth. Excluding that in general the rate of progress is found very slow and low. In general it can be said that progressive states are found progressive more in this regard in comparison with relatively backward states like Madhya Pradesh and Rajasthan.

There is distinct difference between roadways and railways. It is therefore important to throw light on availability of railway in terms of root length of km. and density of it per one hundred sq. km.

Table – 5.41

Railway Root Length and Density

(Root Length in Kilometers, Density Per '000 Square Kilometer)

Year	Gujarat		Madhya Pradesh		Maharashtra		Rajasthan		All India	
	Root Length	Density	Root Length	Density	Root Length		Root Length	Density	Root Length	Density
1992-93	5281	26.94	5987	19.42	5455	17.73	5740	16.77	62486	19.01
1996-97	5322	27.15	5893	19.16	5461	18.05	5890	17.21	62725	19.08
2000-01	5312	27.10	4785	15.56	5396	17.54	5926	17.32	63028	19.17
								Density		
		1992-93	**1996-97**	**2000-01**	**1992-93**	**1996-97**	**2000-01**			
Max/Min		1.13	1.11	1.24	1.61	1.58	1.74			
C.V.		5.55	5.21	8.72	22.83	22.44	26.95			

Source : CMIE, Report on infrastructure, Feb 2003 Pg. 6-7.

Table – 5.41 illustrates the fact that Gujarat from amongst the four states is having an edge over other states from the density point of view. In relation to India Gujarat and Madhya Pradesh are slightly in the better position. However, year 2000-01 reports the reverse picture in Madhya Pradesh in respect of density.

Max/Min ratio and C.V, in this regard suggests falling trend between 1992-93 and 1996-97, while an increase between 1996-97 and 2000-01. it is therefore found that the level of disparity between the states in respect of railway provisioning has increased during the last phase of reforms.

Table – 5.42 provides the availability of electricity and its consumption during different years of reforms. It is found from the table that electricity consumption in the states like Gujarat and Maharashtra is much above the level of India's consumption, while it is found less in case of Madhya Pradesh and Rajasthan.

Table – 5.42

Electricity Consumption and Village Electrification

States/ India	Electricity Consumption (KwH)				
	1990-91	**1995-96**	**1999-2K**	**Number**	
GUJ	469	671	835	17940	99.51
MP	247	367	352	50286	97.07
MAH	411	545	520	40349	99.84
RAJ	201	297	335	35912	94.78
INDIA	253	336	355	508071	86.52
Max/Min	2.33	2.26	2.50	**GAP**	5.06
C.V.	38.65	36.14	45.44	....	....
States/ India	**Avg. Annual Growth**				
	1995-96	**1999-2K**		**1995-96**	1999-2K
GUJ	8.61	6.098		7.43	5.61
MP	9.72	-1.040		8.24	-1.06
MAH	6.52	-1.124		5.81	-1.14
RAJ	9.55	3.157		8.12	3.02
INDIA	6.56	1.395		5.84	1.37

Source : Annual Reports on the Working of State Electricity Boards and Electricity Departments, Planning Commission, Government of India.

Both Max/Min and C.V. reveals declining trend during the first part of reforms, but the same is found increased during the second part. It is therefore clear that in respect of electricity consumption in aggregate the disparity is increased.

Average annual growth when examined of the two years it is evidently found that Gujarat and Rajasthan enjoys much better position in relation to India, while that in case of Madhya Pradesh and Maharashtra particularly in the second part it is below to the level of India.

Compound annual growth rate is in conformity with average annual growth rate.

The status of the states as on the March end 2001 expresses that in relation to India percentage of total villages electrified is found more in all the four states and the gap between the four states is not much wide.

Communication serves as the strongest toll to establish linkages with development. It is also most important parameter looking to the fact that from amongst the different economic sectors communication is highly progressive in respect of the nature and level of reforms. Table – 5.43 therefore highlights the position of the states during the three selected years of reforms. It is expressed in terms of direct exchange lines of BSNL/MTNL and the number of cellular subscribers.

Table – 5.43

Numbers of DELs and Cellular Subscribers

(In '000 Nos.)

States/ India	Direct Exchange Lines of BSNL / MTNL			% Change 1993-94 to 2000-01	Cellular Subscribers		% Change 1998-99 to 2001-02
	1993-94	1997-98	2000-01		1998-99	2001-02	
GUJ	658	1292	2399	364.59	81	467	573.56
	(8.2)	(7.3)	(7.4)	....	(6.8)	(7.3)	....
MP	453	801	1263	278.81	21	212	1017.14
	(5.64)	(4.50)	(3.89)	....	(1.74)	(3.29)	....
MAH	611	1530	2977	487.23	97	476	489.28
	(7.61)	(8.59)	(9.18)	....	(8.13)	(7.40)	....
RAJ	309	756	1326	429.13	16	118	734.22
	(3.85)	(4.25)	(4.09)	....	(1.35)	(1.84)	....
INDIA	8026	17802	32436	404.14	1195	6431	537.94
Max/Min		2.0	2.4	....	6.0	4.0	....
C. V.	31.29	34.56	42.13	....	76.92	56.87	....

Note : Figures in brackets are percentage to India.

Source : Infrastructure, Economic Intelligence Service, CMIE, February - 2003, Page No. 260 & 269.

Looking at the DELs in percentage to the total of India it is found that in all the three specified years Gujarat and Maharashtra are found leading one in comparison with the states like Madhya Pradesh and Rajasthan. From the temporal point of view exceptionally in Maharashtra there is found continuous increase, while in the case of Madhya Pradesh there is found it is found continuously declining. Max/Min ratio highlights little fall between 1994 and 1998 and little rise between 1998 and 2001. C.V. is found continuously increasing. This states in aggregate that level of disparity is increasing.

Coming at the cellular connectivity it is found that in respect of 1999 in the year 2002 there is found increase in the different states except in Maharashtra. However, percentage change reflects that there is sizable increase in the Madhya Pradesh followed by Rajasthan and Gujarat. This situation in relation to India states better except in Maharashtra. Both, Max/Min ratio and C.V. tends to have decline over the period. It therefore, reflects reduction in the level of disparity as long as cellular subscription is concern.

Banking sector plays a crucial role in shaping the development of economy. It is in this respect that banking and economy has strong linkages and close interdependence, in view of the measurement of the length and spread of economic activities, the level of banking activities carries special significance. Therefore, Table – 5.44 directly concentrates on three of the important banking parameters like number of branches, branches per one lakh of population, deposits, credits, and CD ratio.

Having a look at the table the picture obtained can be summarised as under.

(i) In context of percentage share of the states to the total bank branches of India it is reflected that Maharashtra is the leading state in comparison with the other three states. From the remaining three states Madhya Pradesh sounds much better, while relatively little gap is found between Gujarat and Rajasthan.

Table – 5.44

State-wise Development of Scheduled Commercial Banks

Year	Bank Branches		Nos. of Branches Per Lakh of Population	Deposits		Per Capita Deposit (Rs.)	Credits		Per Capita Credit (Rs.)	CD Ratio
	Nos.	% Share		Rs. Lakh	% Share		Rs. Lakh	% Share		
				Gujarat						
1991	3390	5.49	8.4	1297500	6.47	3141	709000	5.71	1716	57.7
1996	3523	5.61	8.5	2763300	6.37	6047	1378300	5.43	3016	49.9
2002	3648	5.50	7.0	6359900	5.62	12285	2795300	4.59	5536	45.1
				Madhya Pradesh						
1991	4414	7.15	6.7	775800	3.87	1172	501600	4.04	758	64.7
1996	4421	7.03	6.2	1582600	3.65	2235	959000	3.78	1354	60.6
2002	3451	5.21	5.6	3326100	2.94	5386	1545200	2.54	2502	46.5
				Maharashtra						
1991	5591	9.06	7.4	3832600	19.11	5344	2771400	22.31	3580	72.3
1996	5877	9.35	6.7	9066100	20.90	10369	5651300	22.25	7493	62.3
2002	6306	9.51	6.4	23491500	20.77	23667	21844800	35.87	22008	93.0
				Rajasthan						
1991	3105	5.03	7.1	557400	2.78	1267	315700	2.54	718	56.6
1996	3217	5.12	6.5	1303700	3.01	2615	565000	2.22	1133	43.3
2002	3329	5.02	5.7	3124100	2.76	5381	1527800	2.51	2632	48.9
				All India						
1991	61724	100	7.3	20056800	100	2370	12420300	100	1468	61.9
1996	62849	100	6.7	43381900	100	4644	25401500	100	2719	58.6
2002	66276	100	6.3	113118800	100	11008	60905300	100	5927	53.8

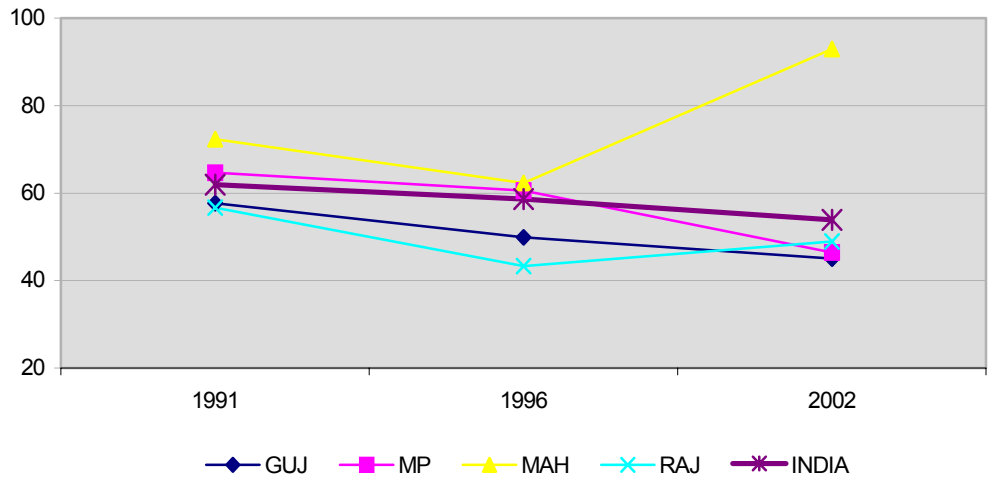
Source : Banking Statistics, Reserve Bank of India.

(ii) Coming at the branches per lakh of population Gujarat ranks first, followed by Maharashtra, Madhya Pradesh and Rajasthan. These numbers however in relation to India indicate slight variations between the states. Here, again Gujarat and Maharashtra are well placed, while Madhya Pradesh and Rajasthan lag behind.

(iii) As long as deposit mobilisation is concerned Maharashtra shows exceptionally higher percentage share in relation to Gujarat, Madhya Pradesh and Rajasthan. Here the gap between the top and the bottom is approximately of more than 8 times. To add to this per capita deposit picture also reflects large variations between the states, and also in relation to India.

(iv) The credit scenario examined in percentage share expresses too wide the gap between the top state like Maharashtra and bottom state like Rajasthan. This gap is found much higher even between the two developed states like Maharashtra and Gujarat. This trend is otherwise reflected in the form of per capita credit. It connotes the same rate of gap and variation between the states and particularly in case of Maharashtra in relation to other three states.

CHART - 18
CD Ratios Across the States and India



(v) CD ratio is the most influencing factor of the economy. This is found higher in Maharashtra in relation to All India and much higher in relation to the three states. One striking matter is regarding the temporal perspective. Here again in context of CD ratio it is found consecutively declining from1991 to 2002 in Gujarat and Madhya Pradesh. It is found fluctuating – declining between 1991 and 1996 and increasing between 1996 and 2002. However, the intensity in falling CD ratio in the states is not as high as what it is found increasing in Maharashtra during the period 1996 to 2002.

(vi) The over all scenario in respect of the banking activities expresses widening gap between the states over a period of time.

5.1.6 Social Sector

With the changing concept of development in general and specially with the induction of the concept of human development, social scientists have thrown much light on certain core subjects of human development. Education, health, water, sanitation are the prime components of it. It is in context of these ingredients of human development, that an attempt is made to examine the level and nature of disparities looming at large between the states.

Table – 5.45

Trends in Literacy Rates

(In Percentage)

States/ India	1981			M-F GAP	1991			M-F GAP	2001			M-F GAP
	Male	Female	Persons		Male	Female	Persons			Female	Persons	
Combined Literacy												
GUJ	65.14	38.46	52.21	26.68	73.13	48.64	61.29	24.49	76.46	55.61	66.43	20.85
MP	48.42	23.97	36.63	24.45	58.42	28.85	44.20	29.57	76.50	50.55	64.08	25.95
MAH	69.65	41.01	55.83	28.64	76.56	52.32	64.87	24.24	86.27	67.51	77.27	18.76
RAJ	44.77	14.00	30.11	30.77	54.99	20.44	38.55	34.55	76.46	44.34	61.03	32.12
INDIA	56.38	29.76	43.57	26.62	64.13	39.29	52.21	24.84	75.64	54.03	65.20	21.61
GAP	24.88	27.01	25.72	....	21.57	31.88	26.32	....	9.81		16.24	....
Max/Min	1.56	2.93	1.85	....	1.39	2.56	1.68	....	1.13	1.52		....
Rural Literacy												
GUJ	57.76	28.80	43.57	28.96	66.84	38.65	53.09	28.19	70.71	45.75	58.53	24.96
MP	40.77	17.29	29.33	23.48	51.04	19.73	35.87	31.31	72.10	42.96	58.10	29.14
MAH	61.71	29.49	45.65	32.22	69.74	40.96	55.52	28.78	82.17	59.12	70.84	23.05
RAJ	36.97	6.78	22.47	30.19	47.64	11.59	30.37	36.05	72.96	37.74	55.92	35.22
INDIA	49.59	21.70	36.01	27.89	57.87	30.62	44.69	27.25	71.18	46.58	59.21	24.60
GAP	24.74	22.71	23.18	....	22.10	29.37	25.15	....	11.46	21.38	14.92	....
Max/Min	1.67		2.03	....	1.46		1.83	....	1.16		1.27	....
Urban Literacy												
GUJ	80.69	60.22	71.00	20.47	84.56	67.70	76.54	16.86	85.46	72.23	79.24	13.23
MP	76.41	50.83	64.55	25.58	81.32	58.92	70.81	22.40	87.78	70.62	79.67	17.16
MAH	82.90	63.94	74.29	18.96	86.41	70.87	79.20	15.54	91.42	79.25	85.76	12.17
RAJ	72.29	41.46	58.05	30.83	78.50	50.24	65.33	28.26	87.10	65.42	76.89	21.68
INDIA	....	....	....	....	....	....	....	....	86.4	72.99	80.06	13.43
GAP	10.61	22.48	16.24	....	7.91	20.63	13.87	....	5.96	13.83	8.87	....
Max/Min	1.15	1.54	1.28	....	1.10	1.41	1.21	....	1.07	1.21	1.12	....

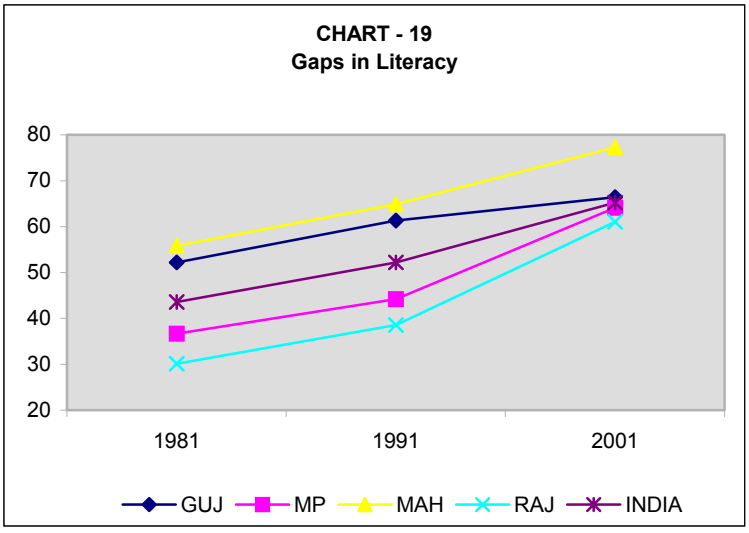
Note : Literacy rate is defined as the population of literates in the population aged 7 year and above.
M-F GAP is defined as the difference between Male and Female Literacy Rates.

Source : 1981—Census of India, Social and Cultural Tables;
1991—Paper 2 of 1992, Series 1, Census of India 1991;
2001—Based on Preliminary Census 2001 Estimates.

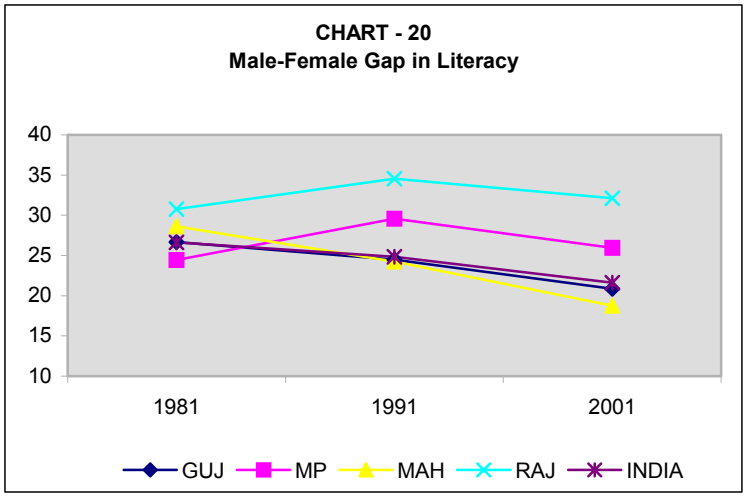
Table – 5.45 is the basic indicator of educational gaps. It expresses trends in literacy rates of the states in relation to India. In view of measuring the variations the data presented in the table refers to the last three censuses. It is further classified in the form of rural-urban divide and male-female divide. The table also includes decadal growth variations, the gaps between the states and Max/Min ratio.

Major conclusions, which can be arrived at from the table, are as under.

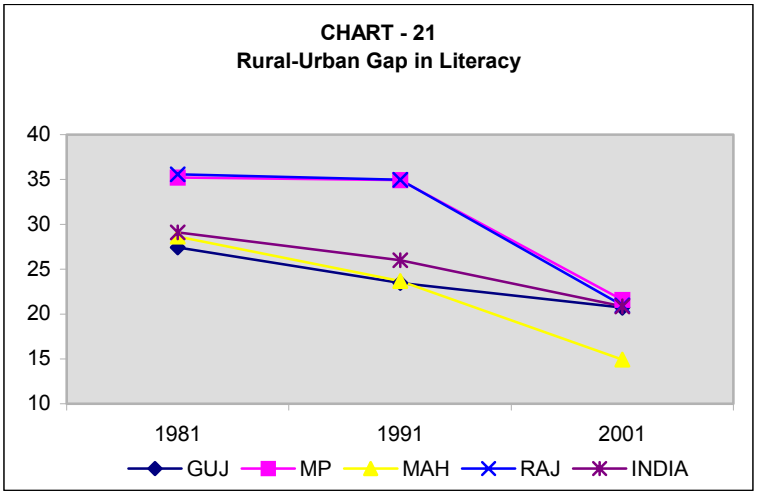
(i) Combined literacy rate in aggregate highlights the fact that the variation in decadal growth is found in India in 1991 to the previous decade to the tune of 8.64 percentage. In comparison with this decadal growth it is found more in Gujarat and Maharashtra, while in Madhya Pradesh and Rajasthan it is found less. The last census report of 2001 expresses the fact that in comparison with national level decadal growth of 12.84 percentage, the states like Rajasthan and Madhya Pradesh have achieved much above the national average and in reverse to it Maharashtra and Gujarat have performed much less than the national average. It is in this context that the gap in aggregate, which was reported to be increased in 1991 over 1981 indicated sharp decline in 2001 over 1991. Max/Min ratio in this regard tends to have declining trend consecutively.



(ii) It is found from the table that the gap between male and female literacy was found much higher in Rajasthan, Maharashtra and Gujarat in 1981 in comparison with the level of India. However, in 1991 that M-F gap is found to have fallen at the national level, while from amongst the states Rajasthan and Madhya Pradesh showed it more than India, and it was found less than India in Gujarat and Maharashtra. The last 2001 census report also expresses the same trend like that of 1991.



(iii) The table in respect of rural–urban literacy indicates that the rural–urban divide in context of literacy tends to have falling trend in all the three census reports. It is also found that rural–urban divide which prevailed at national level in 1981 is found more in comparison with the states like Gujarat and Maharashtra, while it was found less in comparison with Madhya Pradesh and Rajasthan. In 1991 census the same trend was reflected but the trend was found considerably changed in the last census. As per the 2001 report the trend in aggregate does not indicate change in relation to national level, but the gap which was found between rural–urban literacy in the states like Madhya Pradesh and Rajasthan has declined considerably more in comparison with the states like Maharashtra and Gujarat.



(iv) Max/Min ratio in aggregate literacy rate tends to have declined in the last two censuses in aggregate as well as rural – urban level. This indicates that the disparity in the literacy rate tends to have declined over a period of time.

(v) Female literacy when examined in context of rural–urban scenario provides more real picture regarding the sex bias that prevails for education especially in rural areas. The table reveals the fact that in 1981 rural–urban divide in female literacy was found much higher to the national rates in all the four states. Where as in 1991 Gujarat had slightly improved her situation reducing that divide to the level of little less than the national rate, but in the other three states it was the same as 1981. in the last census report it is revealed that in comparison with national rate the states like Madhya Pradesh, Rajasthan and Gujarat expressed more divide, while it is reduced considerably in the state like Maharashtra. Max/Min ratio tends to have declined over a period of time depicting reduction in the level of disparity.

Apart from the major component like literacy rate, the other educational indicators reflecting the rate of differentiation between the states and the states' position in relation to India is highlighted in terms of age specific enrolment ratios in Table – 5.46. This is reflecting both the age groups.

Table – 5.46

Age-Specific Enrolment Ratios

(In Percentage)

States/ India	Age Group 6 - 11 Years (Classes I-V)								
	1981			1991			2		
	Boys	Girls	Childre	Boys	Girls	Children	Boys	Girls	Children
GUJ	63.6	48.9	56.5	67.2	57.1	62.3	124.5	101.9	113.4
MP	48.0	26.4	37.4	53.5	40.9	47.4	126.5	102.9	115.0
MAH	70.5	56.1	63.4	72.9	65.1	69.1	115.8	112.3	114.1
RAJ	47.3	18.8	33.7	50.3	26.3	38.9	137.6	83.8	111.9
INDIA	55.3	38.5	47.2	56.6	45.4	51.2	104.1	85.2	94.9
GAP	23.2	37.3	29.7	22.6	38.8	30.2	21.8	28.5	3.1
Max/Min	1.49	2.98	1.88		2.48	1.78		1.34	1.03
	Age Group 11 - 14 Years (Classes I-V)								
GUJ	69.9	48.1	59.6	75.9	59.5	68.1	71.8	57.3	64.9
MP	55.3	24.6	40.9	69.0	44.1	57.3	75.3	48.7	62.6
MAH	71.7	48.8	60.7	82.2	68.6	75.7	96.7	80.4	85.8
RAJ	59.4	18.4	40.2	71.4	30.2	52.2	105.9	48.4	78.9
INDIA	62.0	36.7	50.0	71.1	52.2	62.1	67.2	49.7	58.8
GAP	16.4	30.4	20.5	13.2	38.4	23.5	34.1	32.0	23.2
Max/Min	1.30	2.65	1.51	1.19	2.27	1.45	1.47	1.66	1.37

Note : Age-Specific Enrolment Ratio = (Estimated enrolment in an age group / Estimated child population in that age group) x 100.

Source : Based on Census of India, 1981 & 1991, Table C-4.
Economic Survey 2001-02, GOI.
NHDR 2001 Page No.197.

It is found from the table that Max/Min ratio in aggregate of the children tends to be declining over the period of time suggesting that in general the level of disparity is getting reduced. It is also found that enrolment ratios in the first age group tends to have increased consecutively over the period of time across the states and in India. The same is however not observed in the second age group, where precisely in the state like Gujarat it is found declined in the year 2000, and in the remaining states it is found increased. In both the groups from the age perspective in general there has been sizable progress in the enrolment ratios, particularly during the last decade. The only matter of concern in this regard is found in Gujarat where during the reforms period it is declined.

As against enrolment ratios, dropout rates in classes refer to the actual progress in education. It is reflected in Table – 5.47.

Table – 5.47

Drop-out Rates in Classes I-VIII

(In Percentage)

States/ India	1981-82			1992-93			1998-99 (Provisional)		
	Boys	Girls	Children	Boys	Girls	Children	Boys	Girls	Children
GUJ	64.1	71.8	67.2	53.7	64.3	58.4	56.7	64.8	60.3
MP	62.6	77.6	68.0	45.8	64.7	53.5	42.4	57.1	48.6
MAH	64.8	77.8	70.6	45.3	58.0	51.2	34.8	44.1	39.1
RAJ	67.9	75.7	70.1	83.3	85.6	81.9	55.5	68.1	59.7
INDIA	68.5	77.7	72.1	58.2	65.2	61.1	54.4	60.1	56.8
GAP	5.3	6.0	3.4	38.0	27.6	30.7	21.9	24.0	21.2
Max/Min	1.08	1.08	1.05	1.84		1.60	1.63	1.54	1.54

Source : 1. Trends of Drop-out Rates for Years 1980-81 to 1993-94, Department of Education, MHRD, page 16.
2. Education in India 1992-93, Vol.1(S), Department of Education, MHRD, page 145.
3. Annual Report 1999-2000, Department of Education, MHRD, page 178.
4. NHDR 2001 Page No.206-207.

Table – 5.47 indicates that dropout rates is found more during the reforms amongst boys, girls and aggregate in Gujarat state. Baring Gujarat in India as well as in remaining three states it is found declined. Max/Min ratio under the reforms period in aggregate tends to decline. Gap between the states is also found to decline.

Table – 5.48

Teacher — Pupil Ratio

(Pupils per teacher)

States / India	1982-83			1992-93			1997-98		
	Primary	Upper Primary	Secondar	Primary	Upper	Secondary	Primary	Upper Primary	Secondary
GUJ	42	39	26	44	42	26	47	41	30
MP	41	28	—	45	33	42	44	35	34
MAH	40	38	31	37	40	29	38	40	32
RAJ	45	33	22	46	34	25	42	33	25
INDIA	40	34	29	45	43	29	42	37	29
GAP	5	11	9	9	9	17	9	8	9
Max/Min	1.13	1.39		1.24	1.27	1.68	1.24	1.24	1.36

Source : 1 Selected Educational Statistics, 1982-83, Department of Education, MHRD, Table VII, pages 36, 38, 40.
2 Selected Educational Statistics, 1992-93, Department of Education, MHRD, pages 29, 31, 33.
3 Selected Educational Statistics, 1997-98, Department of Education, MHRD, Table 18, pages 53, 55, 56.

Table – 5.48 illustrates states scenario in respect of teacher-pupil ratio. It is clearly revealed from the table that in primary Maharashtra stands best, followed by Rajasthan, Madhya Pradesh and Gujarat. Coming to the difference between

the years of reforms it is clearly found that the same has in general increased in Gujarat and Maharashtra, while it is improved positively in the states like Madhya Pradesh and Rajasthan. Max/Min ratio also indicates much improvement in this regard.

Table – 5.49 provides data on the crude birthrates in India as well as the four states. The data is available in the bifurcation of rural – urban, and accordingly rural–urban gap is also highlighted. The table also includes gap in general and Max/Min ratio.

Table – 5.49

Crude Birth Rates

Year	Location	GUJ	MP	MAH	RAJ	INDIA	GAP	Max/Min
1981	**Rural**	36.1	38.8	30.4		35.6	8.4	1.28
	Urban	29.8	31.4	24.5		27.0	6.9	1.28
	Combined	34.5	37.6	28.5		33.9	9.1	1.32
	R-U GAP	6.3	7.4	5.9	0.0	8.6	….	….
1991	**Rural**	28.2	37.3	24.9		30.9	12.4	1.50
	Urban	25.9	29.6	21.0		24.3	8.6	1.41
	Combined	27.5	35.8	23.4		29.5	12.4	1.53
	R-U GAP	2.3	7.7	3.9	0.0	6.6	….	….
1996	**Rural**	26.9	34.2	24.9	34.0	29.3	9.3	1.37
	Urban	23.0	22.9	21.0	25.1	21.6	4.1	1.20
	Combined	25.7	32.4	23.4	32.4	27.5	9.0	1.38
	R-U GAP	3.9	11.3	3.9	8.9	7.7	….	….
2000	**Rural**	26.8	33.4	21.4	32.8	27.6	12.0	1.56
	Urban	21.9	23.5	20.4	25.1	20.7	4.7	1.23
	Combined	25.2	31.4	21.0	31.4	25.8	10.4	1.50
	R-U GAP	4.9	9.9	1.0	7.7	6.9	….	….
2003	**Rural**	26.5	32.2	20.5	31.9	25.0	11.7	1.57
	Urban	20.5	22.7	19.8	24.2	26.6	4.4	1.22
	Combined	24.6	30.3	20.2	30.6	19.8	10.4	1.51
	R-U GAP	6.0	9.5	0.7	7.7	-1.6	….	….

Note : R-U GAP = Difference between Rural and Urban Rate.
Source : SRS of States and India.

Following inferences can be made from the table.

(i) Gap in respect of the combined birthrate indicates sharp fluctuations over the specified years. It is found increasing in 1991 over 1981, falling in 1996, increasing in 2000 and constant in 2003. Max/Min ratio in general indicates

an increase in the trend except in the year 1996 over 1991 where there was decline.

(ii) Rural–urban gap when examined across the states indicates mixed relations. In Gujarat it is having sharply fluctuated, however, under the reforms period that gap is consecutively widened. While in case of Madhya Pradesh it is found increased in the first phase of the reforms, but in 2000 and 2003 it has declined. Maharashtra can be regarded as the most progressive state in this regard demonstrating consecutive fall over the period of time and in 2003 it is very negligible. In general it is reflected that there prevails less degree of disparity between the states. It is much less in urban areas in comparison with rural areas.

Death rate is important indicator of health. Table – 5.50 provides data on death rates across the states and India.

Table – 5.50

Crude Death Rates

Year	Location	GUJ	MP	MAH	RAJ	INDIA	GAP	Max/Min
1981	**Rural**	12.4	18.0	10.6	15.8	13.7	7.4	1.70
	Urban	10.7	9.3	7.4	7.3	7.8	3.4	1.47
	Combined	12.0	16.6	9.6	14.3	12.5	7.0	1.73
	R-U GAP	1.7	8.7	3.2	8.5	5.9	....	....
1991	**Rural**	8.8	14.9	9.3	10.6	10.6	6.1	1.69
	Urban	7.9	9.2	6.2	7.7	7.1	3.0	1.48
	Combined	8.5	13.8	8.2	10.1	9.8	5.6	1.68
	R-U GAP	0.9	5.7	3.1	2.9	3.5	....	....
1996	**Rural**	8.3	11.8	8.7	9.6	9.7	3.5	1.42
	Urban	6.2	7.6	5.4	7.1	6.5	2.2	1.41
	Combined	7.6	11.1	7.4	9.1	9.0	3.7	1.50
	R-U GAP	2.1	4.2	3.3	2.5	3.2	....	....
2000	**Rural**	8.3	11.1	8.6	8.9	9.3	2.8	1.34
	Urban	5.8	7.5	5.8	6.6	6.3	1.7	1.29
	Combined	7.5	10.3	7.5	8.5	8.5	2.8	1.37
	R-U GAP	2.5	3.6	2.8	2.3	3.0	....	....
2003	**Rural**	8.3	10.4	8.3	8.0	8.1	2.4	1.30
	Urban	6.3	7.2	5.6	6.4	8.7	1.6	1.29
	Combined	7.6	9.7	7.3	7.7	6.1	2.4	1.33
	R-U GAP	2.0	3.2	2.7	1.6	-0.6	....	....

Note : R-U GAP = Difference between Rural and Urban Rate.
Source : SRS of States and India.

Following inferences can be derived from the table.

(i) Madhya Pradesh is the only state in relation to India where rural death rate is more. Looking at the combined death rate however it is observed that Gujarat and Maharashtra sounds much better to Madhya Pradesh and Rajasthan in relation to India. Gaps in the aggregate combined death rates demonstrating consecutive dawn fall and Max/Min ratio confirms the same trend suggesting that in general the level of disparity is getting reduced between the selected states over the period of time.

(ii) However, a matter of little concern is observed in context of rural – urban gaps in the death rates. In this regard Madhya Pradesh and Rajasthan were lagging behind much in the initial stage, however in the last years of decade Rajasthan has improved the situation more than Madhya Pradesh, and as per 2003 this gap is found lowest in Rajasthan and highest in Madhya Pradesh.

Table – 5.51

Infant Mortality Rates

Year	Location	GUJ	MP	MAH	RAJ	INDIA	GAP	Max/Min
1981	**Rural**	129	158	131	153	123	91	1.22
	Urban	85	105	67	97	67	-10	1.57
	Combined	115	150	119	141	115	106	1.30
1991	**Rural**	83	142	85	93	84	95	1.71
	Urban	64	84	47	55	51	10	1.79
	Combined	78	133	74	87	77	114	1.80
1996	**Rural**	68	102	58	90	77	71	1.76
	Urban	46	61	31	60	46	13	1.97
	Combined	61	97	48	86	72	75	2.02
2000	**Rural**	69	93	56	82	74	60	1.66
	Urban	45	54	33	58	44	10	1.76
	Combined	62	87	48	79	68	64	1.81
2003	**Rural**	68	90	52	81	64	56	1.73
	Urban	37	56	34	53	69	11	1.65
	Combined	60	85	45	78	40	67	1.89

Note : R-U GAP = Difference between Rural and Urban Rate.

Source : Occasional Paper No.1 of 1997, Table 3, page 112-113, Census of India.
SRS Bulletin Vol. 36 Issue - 2.

Table – 5.51 represents one of the important components of human development index in the form of infant mortality rates. The table provides the following picture.

(i) Aggregate gap in respect of combined IMR indicates constantly falling trend except in the year 2003 when there is a little increase. Max/Min ratio in combined reflects that the situation across the states is worsening except in the year 2000 in which there was decline in Max/Min ratio.

(ii) In 1981 all the four states were performing poor in relation to India. The situation was improved in 1991 precisely in case of Maharashtra and Gujarat in relation to India. The same trend was also found in the year 1996 and 2000, but again in 2003 the performance of all this four states in relation to India is found poor.

Table – 5.52

Health Infrastructure — Number of Health Centres

(As on 1st April)

States/ India	PHCs		Sub-Centers		CHCs	
	1985	1996	1985	1996	1985	1996
GUJ	310	957	4869	7284	22	185
	3.40	4.38	5.79	5.49	2.89	7.64
MP	680	1376	6615	11937	58	190
	7.46	6.30	7.87	8.99	7.62	7.85
MAH	1539	1695	6391	8725	147	295
	16.88	7.76	7.60	6.57	19.32	12.19
RAJ	448	1572	3790	8692	76	256
	4.91	7.19	4.51	6.55	9.99	10.58
INDIA	9118	21853	84053	132778	761	2420
Max/Min	4.96	1.77	1.75	1.64	6.68	1.59

Source : Health Information of India, 1995 and 1996, Central Bureau of Health Intelligence, Ministry of Health and Family Welfare, Government of India. NHDR 2001 Page No.258.

Table – 5.52 is indicator of quantitative strength of states in respect of health centers. Max/Min ratios in respect of PHCs, Sub-Centers and CHCs reveals the fact that the situation has improved much in 1996 over 1985 in all the states. Taking into consideration to percentage to India in respect of PHCs, it is found increased in Gujarat and Rajasthan, while in Madhya Pradesh and Maharashtra there appears declining trend. But in case of Sub-Centers Madhya Pradesh and

Rajasthan reported to have increase in 1996 over 1985. While the number of CHCs reflects that from the percentage point the situation is found improved in the states like Rajasthan, Madhya Pradesh and Gujarat.

Expectation of life at birth is indicator of an aggregate improvement in the standard of health. Table – 5.53 provides the picture in this regard during the period of 1981-85, 1991-95 and 2001-06.

Table – 5.53

Expectation of Life at Birth

(In Years)

States/ India	1981-85		F-M GAP	1991-95		F-M GAP	2001-06*		F-M GAP
	Male	Female		Male	Female		Male	Female	
GUJ	55.50	59.30	3.80	60.20	62.00	1.80	63.12	64.10	0.98
MP	51.50	51.90	0.40	54.70	54.60	-0.10	59.19	58.01	-1.18
MAH	59.60	62.10	2.50	63.50	65.80	2.30	66.75	69.76	3.01
RAJ	53.30	53.80	0.50	58.30	59.40	1.10	62.17	62.80	0.63
INDIA	55.40	55.70	0.30	59.70	60.90	1.20	64.11	65.43	1.32
GAP	8.10	10.20	....	8.80	11.20	....	7.56	11.75	....
	1.157	1.19653		1.161	1.20513		1.128	1.20255	

Note : F-M GAP is difference in Female Life Expectation as compared with Male.
Source : Compendium of India's Fertility and Mortality Indicators 1971 to 1997, based on Sample Registration System, RGI 1999.
*Economic Survey of Maharashtra 2002-03, Page No. 117.

The table highlights the following trends.

(i) During 1981-85 the gap was found more in female over male and the same is reflected in different time periods.

(ii) In relation to India Female-Male gap is found more in all the states during 1981-85, while during1991-95 that gap was found more in Maharashtra and Gujarat, less in Rajasthan and negative in Madhya Pradesh. In the last phase in relation to India it was more only in Maharashtra, less in Gujarat and Rajasthan and negative again in Madhya Pradesh.

(iii) If compared between the states, in case of male and female both Maharashtra and Gujarat is having an edge over Rajasthan and Madhya Pradesh.

Safe drinking water is incorporated as one of the human right elements and also millennium development goals formulated by UNO. Therefore, to examine the status of Indian households with safe drinking water is of general importance. Table – 5.54 throws light on Indian status as well as the states' scenario.

Table – 5.54

Households with Safe Drinking Water

(In Percentage)

States/ India	1981*				1991*				2001			R-U GAP
	Rural	Urban	Combined	GAP	Rural	Urban	Combined	GAP	Rural	Urban	Combined	
GUJ	36.2	86.8	52.4	-50.6	60.0	87.2	69.8	-27.2	79.2	93.5	84.8	-14.3
MP	8.1	66.7	20.2	-58.6	45.6	79.5	53.4	-33.9	72.6	84.6	75.8	-12.0
MAH	18.3	85.6	42.3	-67.2	54.0	90.5	68.5	-36.5	82.8	94.3	87.7	-11.5
RAJ	13.0	78.7	27.1	-65.7	50.6	86.5	59.0	-35.9	71.4	91.8	76.2	-20.4
INDIA	26.5	75.1	38.2	-48.6	55.5	81.4	62.3	-25.8	80.5	90.6	83.3	-10.1
GAP	28.1	20.1	32.2	....	14.5	11.1	16.4	....	11.4	9.7	11.9	....
	4.47	1.30	2.60	....	1.32	1.14	1.31	....	1.16	1.11	1.16	....

Note : R-U GAP = Difference between Rural and Urban Rate.

Source : Housing and Amenities, Paper 2 of 1993; Table 3.1, page 44, Census of India, 1991 and 2001.

* NHDR 2001 Page No.173.

The table provides following picture.

(i) It is evidently found from the table that the gap between the states in this regard and Max/Min ratio tends to have consecutively declining. In other words the level of disparity in this regard is getting reduced over census period.

(ii) In context of rural – urban gap also it is observed that in comparison with the period 1981 in 2001 there is reduction in all the states with much intensity. However, it is important to note that this gap in relation to India is found more in all the states during all the three specified census periods.

Table – 5.55 relates the condition of the states households in relation to India regarding the electricity connections. It is revealed from the table that the gap in this regard for combined households across the states had increased in 1991 over 1981, but in 2001 that gap is declined suggesting aggregate decline in

disparity also. Consecutively decreasing trend of Max/Min ratio also supports this fact.

Table – 5.55

Households with Electricity Connection

(In Percentage)

States / India	1981			R-U	1991			R-U	2001			R-U GAP
	Rural	Urban	Com		Rural	Urban	Combined		Rural	Urban	Combined	
GUJ	30.8	74.4	44.8	-43.6	58.4	83.0	65.9	-24.5	72.1	93.4	80.4	-21.3
MP	6.9	56.4	17.1	-49.5	34.5	72.5	43.3	-38.0	62.3	92.3	70.0	-30.0
MAH	24.1	70.5	40.7	-46.4	53.5	86.1	69.4	-32.6	65.2	94.3	77.5	-29.1
RAJ	8.7	63.7	20.5	-55.0	32.4	76.7	35.0	-44.2	44.0	89.6	54.7	-45.6
INDIA	14.7	62.5	26.2	-47.8	30.5	75.8	42.4	-45.2	43.5	87.6	55.9	-44.1
GAP	23.9	18.0	27.7	....	26.0	13.6	34.4	....	28.1	4.7	25.7	
Max/Min	4.47	1.32	2.62	....	1.80	1.19	1.98		1.64	1.05	1.47	....

Note : R-U GAP = Difference between Rural and Urban Rate.
Source : Housing and Amenities, Paper 2 of 1993; Table 3.3, page 46, Census of India, 1991;Table H-9, page 331-338, Census of India 2001.
NHDR 2001 Page No.178.

If examined in relation to India, Gujarat and Maharashtra showed better position during all the census years. Increasing trend is found in Madhya Pradesh and Rajasthan too, but the rate if increase is found un-even. It is important to note here that the period during reforms indicates increasing trend, but with less intensity in Maharashtra and Gujarat, while in Madhya Pradesh and Rajasthan it improved much better. In case of Rajasthan rural – urban gap in this regard tends to have increased in 2001 over 1991. But, in the remaining states it tends to have fallen.

5.1.7 Some Basic Indicators

New economic order is strongly challenged by the traditional economists largely on the ground of human face of economics. Poverty, unemployment, and food security – these are considered as the basic premises to evaluate the new economic order. Under this section several tables are presented through which an attempt is made to point out and analyse the real picture, in India and between the sample states.

Table – 5.56

Trends in Poverty

India		1973-74	1977-78	1983-84	1987-88	1993-94	1999-2K	Rate of Reduction (%) 1973-74 to 1993-94	Rate of Reduction (%) 1993-94 to 1999-2K
Rural Population under Poverty Line									
GUJ	**(P)**	94.61	92.53	72.88	74.13	62.16	39.8	-2.08	-7.16
	(%)	46.35	41.76	29.8	28.67	22.18	13.17	-3.62	-8.32
MP	**(P)**	231.12	247.98	215.48	200.02	216.19	217.32	-0.33	0.09
	(%)	62.66	62.52	48.9	41.92	40.64	37.06	-2.14	-1.53
MAH	**(P)**	210.84	249.75	193.75	186.89	193.33	125.12	-0.43	-7.00
	(%)	57.71	63.97	45.23	40.78	37.93	23.72	-2.08	-7.53
RAJ	**(P)**	101.41	89.66	96.77	104.97	94.68	55.06	-0.34	-8.64
	(%)	44.76	35.89	33.5	33.21	26.46	13.74	-2.59	-10.35
INDIA	**(P)**	2612.90	2642.47	2519.57	2318.79	2440.31	1932.43	-0.34	-3.81
	(%)	56.44	53.07	45.65	39.09	37.27	27.09	-2.05	-5.18
GAP	**(P)**	136.51	160.09	142.6	125.89		**177.52**	....	....
	(%)	17.9	28.08	19.1	13.25	**18.46**	**23.89**	....	....
Max/Min	**(P)**		2.79	2.96	2.70	**3.48**	**5.46**	....	....
	(%)	1.40	1.78	1.64	1.46	**1.83**	**2.81**	....	....
Urban Population under Poverty Line									
GUJ	**(P)**	43.81	38.35	45.04	48.22	43.02	28.09	-0.09	-6.86
	(%)	52.57	40.02	39.14	37.26	27.89	15.59	-3.12	-9.24
MP	**(P)**	45.09	54.89	62.49	64.29	82.33	81.22	3.06	-0.23
	(%)	57.65	58.66	53.06	47.09	48.38	38.44	-0.87	-3.76
MAH	**(P)**	76.58	80.16	97.14	109.38	111.9	102.87	1.91	-1.39
	(%)	43.87	40.09	40.26	39.78	35.15	26.81	-1.10	-4.41
RAJ	**(P)**	27.1	27.22	30.06	37.93	33.82	26.78	1.11	-3.82
	(%)	52.13	43.53	37.94	41.92	30.49	19.85	-2.65	-6.90
INDIA	**(P)**	600.46	646.48	709.4	751.69	763.37	670.07	1.21	-2.15
	(%)	49.01	45.24	40.79	38.2	32.36	23.62	-2.05	-5.11
GAP	**(P)**	49.48	52.94	67.08	71.45	**78.08**	**76.09**		....
	(%)	13.78	18.64	15.12	9.83	**20.49**	**22.85**	....	....
Max/Min	**(P)**	2.83	2.94	3.23	2.88	**3.31**	**3.84**	....	....
	(%)	1.31	1.47	1.40	1.26	**1.73**	**2.47**	....	....
Total Population under Poverty Line									
GUJ	**(P)**	138.42	130.88	117.92	122.36	105.19	67.89	-1.36	-7.04
	(%)	48.15	41.23	32.79	31.54	24.21	14.07	-3.38	-8.65
MP	**(P)**	276.3	302.87	277.97	264.3	298.52	298.54	0.39	0.00
	(%)	61.78	61.78	49.78	43.07	42.52	37.43	-1.85	-2.10
MAH	**(P)**	287.42	329.91	290.89	296.27	305.22	227.99	0.30	-4.75
	(%)	53.24	55.88	43.44	40.41	36.86	25.02	-1.82	-6.25
RAJ	**(P)**	128.51	116.88	126.83	142.9	128.5	81.83	0.00	-7.25
	(%)	46.14	37.42	34.46	35.15	27.41	15.28	-2.57	-9.28
INDIA	**(P)**	3213.36	3288.95	3228.97	3070.49	3203.68	2602.50	-0.02	-3.40
	(%)	54.88	51.32	44.48	38.86	35.97	26.1	-2.09	-5.21
GAP	**(P)**	158.91	213.03	172.97	173.91	**200.03**		....	
	(%)	15.64	24.36	16.99	11.53	**18.31**	**23.36**	....	....
Max/Min	**(P)**	2.24	2.82	2.47	2.42	**2.90**	**4.40**	....	....
	(%)	1.34	1.65	1.52	1.37	**1.76**	**2.66**	....	....

(P) = No. of Persons, (%) = Percentage of Rural/Urban/Total Population.

Source : Planning Commission, GOI.

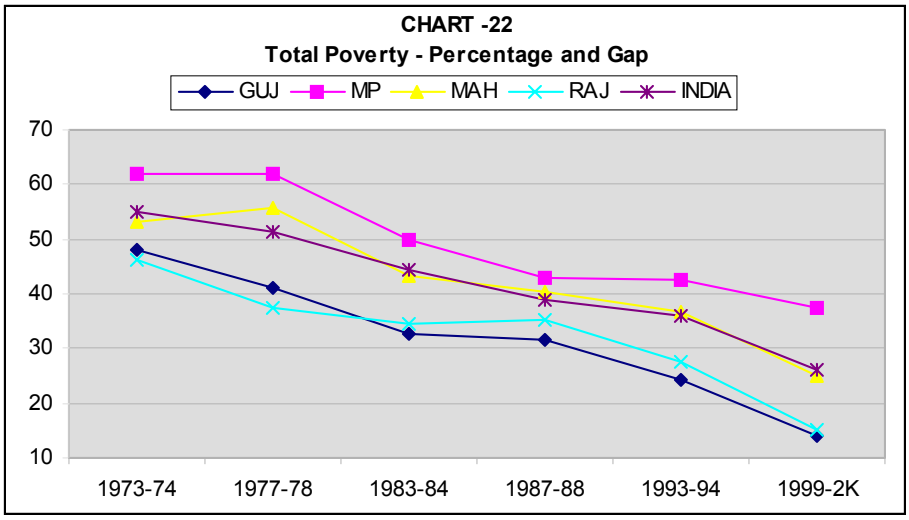


CHART -22
Total Poverty - Percentage and Gap
GUJ
MP
MAH
RAJ
INDIA
70
60
50
40
30
20
10
1973-74
1977-78
1983-84
1987-88
1993-94
1999-2K

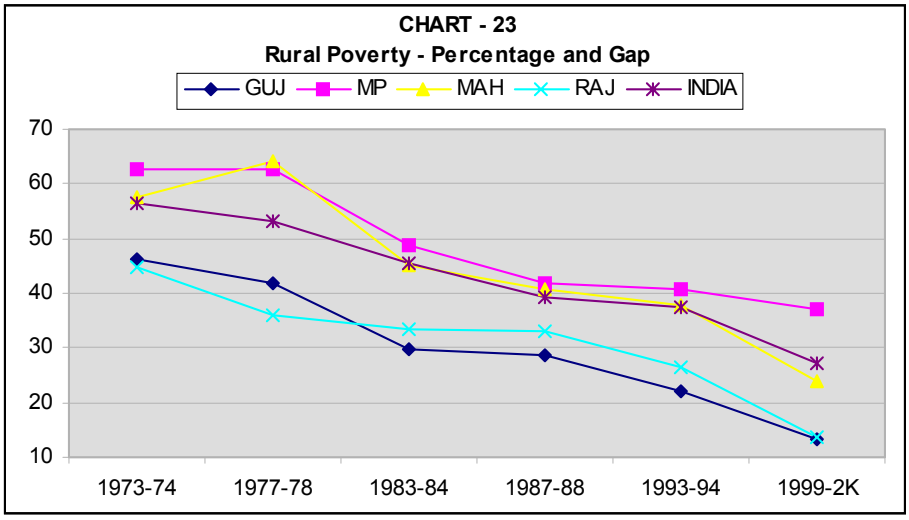


CHART - 23
Rural Poverty - Percentage and Gap
GUJ
MP
MAH
RAJ
INDIA
70
60
50
40
30
20
10
1973-74
1977-78
1983-84
1987-88
1993-94
1999-2K

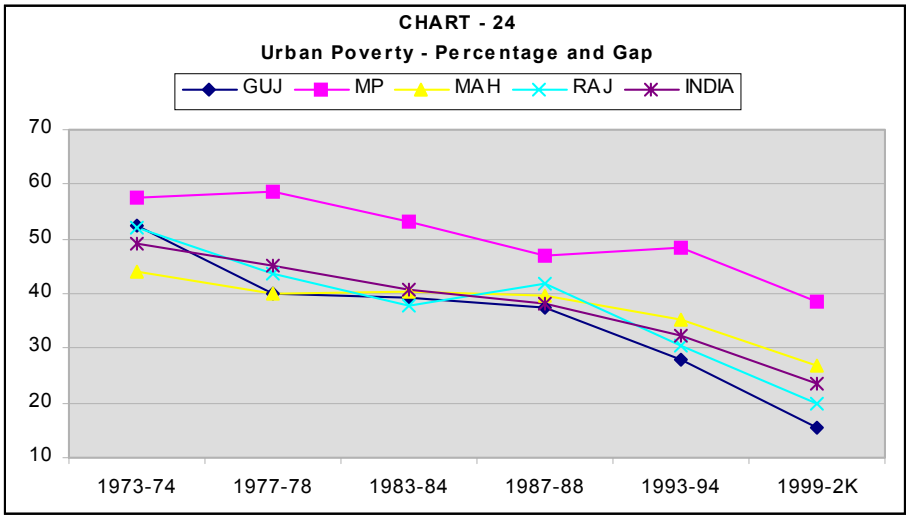


CHART - 24
Urban Poverty - Percentage and Gap
GUJ
MP
MAH
RAJ
INDIA
70
60
50
40
30
20
10
1973-74
1977-78
1983-84
1987-88
1993-94
1999-2K

Table – 5.56 is providing relatively exhaustive database in respect of the trends in poverty. The table covers the time period from 1973-74 and 1999-2000. The poverty is exhibited by way of number of persons and percentage of rural, urban and total population. Summarised data is worked out in form of percentage rate of reduction, gap between the states and Max/Min ratios there upon.

Some major findings of the table are as under.

(i) Rate of reduction in percentage covering the period of 1973-74 to 1993-94 and 1993-94 to 1999-2000 demonstrates the fact that as against the reduction during first 20 years, the reduction during the last 7 years is reported to be higher both in India and in the states. However, from the percentage point of view the rate of reduction of rural population under the poverty line is found less in the state like Madhya Pradesh.

In respect of urban population there is higher amount of reduction in India and in all the four states. Though there appears to be sharp variations in the rate of reduction across the states, where it is found minimum in Madhya Pradesh and maximum in Gujarat.

Coming to the aggregate percentage to population the rate of reduction in percentage is found to have increased in all the states and in India. However, from amongst the four states that reduction is found minimum in Madhya Pradesh and maximum in Rajasthan.

(ii) Looking at the gap between the states in percentage of rural and Max/Min ratio it is found from the table that it was falling in 1983-84 over the year 1977-78, which continued in 1987-88 also, however in 1993-94 and 1999-2000 it is clearly widened. While in context of urban population tendency both in respect of the gap in percentage and Max/Min ratio in percentage is found same as rural. The percentage of population when examined from the gap point of view and Max/Min ratio clearly demonstrate the same picture as what it is observed in the case of rural and urban poverty.

(iii) From amongst the states if we focus on exclusive reforms period it is revealed that the aggregate of population under the poverty line in percentage has fallen in all the states, but there is sizable difference in between the state in respect of the falling trends.

(iv) The gap between the rural population and urban population below poverty line it is expressed that over a period of time there has been constant fall in the state like Gujarat. But, the temporal picture demonstrates that in the initial stage of the reforms it exhibits widening rural-urban divide in Madhya Pradesh and Maharashtra, while falling in Rajasthan. However, the period of 1999-2000 over 1993-94 suggests sizable fall in the states like Maharashtra and Rajasthan.

Table – 5.57

Percentage of Population with Calorie Intake Less than 90 per cent of Recommended Norms

State/ India	Rural		Urban	
	1983*	1999-2K	1983	1999-2K
GUJ	52.1	51.3	46.7	53.6
MP	44.6	49.1	33.7	50.7
MAH	57.1	52.7	44.4	52.4
RAJ	42.6	34.5	28.8	24.3
GAP	14.5	18.2	17.9	29.3
Max/Min	1.34	1.53	1.62	2.21
C.V.	13.69	17.91	22.26	30.98

* NSS 55th Round.
Source : C. P. Chandrasehkar and Jayanti Gosh, 2003, The calorie Consumption Puzzle in Business Line, February 11.

Table – 5.57 depicts state wise percentage of population receiving in their food intact less than 90 percent of calories as against the expected norms. The gap between the states in this regard clearly demonstrates the fact that disparity between the states is widened both in rural and urban population. However, it is found wider in urban population. The same trend is obtained in case of Max/Min ratio and C.V. From amongst the four states the poorest is Rajasthan, while it is Maharashtra having sound position in rural and Gujarat having better state in case of urban.

Table – 5.58

Per Capita Consumption Expenditure

(Figures in Rupees per month)

States/ India	1983			1993-94			1999-2K		
	Rural	Urban	Combined	Rural	Urban	Combined	Rural	Urban	Combined
GUJ	119.3	164.1	133.6	303.3	454.2	356.9	551.3	891.7	678.3
MP	101.8	148.4	111.6	252.0	408.1	289.8	401.5	693.6	478.9
MAH	111.0	187.6	138.6	272.7	529.8	371.5	496.8	973.3	697.4
RAJ	127.5	160.0	134.5	322.4	424.7	346.6	548.9	795.8	611.2
INDIA	112.3	165.8	125.1	281.4	458.0	328.2	486.1	855.0	591.0
GAP	25.7	39.2	27.0	70.4	121.7	81.7	149.8	279.8	218.5
Max/Min	1.3	1.3	1.2	1.3	1.3	1.3	1.4	1.4	1.5
C.V.	9.6	10.0	9.4	10.9	11.9	10.5	14.0	14.4	16.0

Source : NSS 38th, 50th & 55th Rounds on Household Consumer Expenditure.
NHDR 2001 Page No.147.

Table – 5.58 connotes the level of per capita consumption expenditure per month in the year 1983, 1993-94 and 1999-2000. The table clearly refers to the fact that the gap in rural expenditure is found to have sizable increase over the period of time. The same is reflected both, in urban and combined per capita consumption expenditure. Max/Min ratio does indicate an increase in all the three categories and three specified years. But, there is a very little increase. C.V. in this regard reflects the same trends.

In Table – 5.59 on the next page an attempt is made to provide the data on composition of per capita consumption expenditure. It reveals there by not only the size but also the nature of consumption expenditure. Following is the trends available from the table.

The gap in case of rural per capita expenditure when examined between the states reveals that it had increased in respect of food in 1993-94 over 1983, but it had lowered in 1999-2000 over 1993-94. The same is however reflected in case of non-food and urban category without any exception. Max/Min ratio and C.V. expresses the same trend as reflected in gap over the period of time.

Table – 5.59

Composition of Per Capita Consumption Expenditure

(Percentage)

States/ India	Location	1983		1993-94		1999-2000	
		Food	Non-Food	Food	Non-Food	Food	Non-Food
GUJ	**Rural**	66.73	33.27	67.1	32.9	59.82	40.18
	Urban	61.75	38.25	58.41	41.59	49.58	50.42
MP	**Rural**	65.95	34.05	61.19	38.81	58.09	41.91
	Urban	58.99	41.01	52.85	47.15	47.6	52.4
MAH	**Rural**	61.32	38.68	59.48	40.52	54.71	45.29
	Urban	57.53	42.47	53.02	46.98	45.31	54.69
RAJ	**Rural**	60.52	39.48	62.28	37.72	59.5	40.5
	Urban	57.58	42.42	56.65	43.35	50.85	49.15
INDIA	**Rural**	65.56	34.44	63.18	36.82	59.41	40.59
	Urban	58.69	41.31	54.65	45.35	48.06	51.94
GAP	**Rural**	6.21	6.21	7.62	7.62	5.11	5.11
	Urban	4.22	4.22	5.56	5.56	5.54	5.54
Max/Min	**Rural**	1.10	1.19	1.13	1.23	1.09	1.13
	Urban	1.07	1.11	1.11	1.13	1.12	1.11
C.V.	**Rural**	4.97	8.69	5.23	8.72	4.03	5.57
	Urban	3.35	4.82	4.98	6.14	5.01	4.68

Note : Composition of per capita consumption expenditure is derived from monthly per capita consumption expenditure from NSSO data.

Source : NSS 38th, 50th & 55th Rounds on Household Consumer Expenditure.

NHDR 2001 Page No.151-153.

Table – 5.60 manifests the level of employment under the reforms period in organised sector.

Examining the table following trends is obtained.

(i) Decadal variation in the grand total of employment indicates an increase in the states like Maharashtra, Rajasthan and Gujarat. However, the growth during the decade in employment exhibits higher level in the state of Maharashtra, followed by Rajasthan and Gujarat. However, this decadal growth in employment in this three states is less in relation to All India's growth.

(ii) The level of employment when examined from the public and private sector point of view it is evidently found that under the reforms employment in public sector is declined in Madhya Pradesh and Gujarat, while it has increased in Maharashtra and Rajasthan. It can be further ascertained from

the employment data of state governments where in Maharashtra and Rajasthan has indicated positive trends.

Table – 5.60

Employment in Organised Sector

(In thousands)

Sec	Gujarat		Madhya Pradesh		Maharashtra		Rajasthan		All India	
	1991	2000	1991	2000	1991	2000	1991	2000	1991	2000
Public sector:										
Government										
Central	142.2	137.8	205.8	210.1	481.1	423.8	172.4	166.8	3409.8	3273.5
State	224.5	200.8	712.1	692.8	509.3	518.3	475.9	530.1	7112.9	7459.3
Quasi Government										
Central	136.4	135.5	334.2	287.7	424.7	412.1	81.8	83.7	3563.5	3413.0
State	163.4	161.5	114.8	111.5	266.9	262.1	102.3	107.9	2658.3	2912.9
Local Bodies	294.0	284.2	57.0	65.1	599.6	673.6	120.4	128.0	2312.7	2255.1
Total	**960.5**	**919.8**	**1423.9**	**1367.2**	**2281.6**	**2289.9**	**952.8**	**1016.5**	**19057.2**	**19313.8**
Private Sector										
Larger Estts.	597.5	660.9	219.7	209.5	1291.8	1388.7	197.5	215.4	6783.4	7719.3
Smaller Estts.	102.5	109.6	25.5	17.0	74.1	81.2	33.6	43.7	892.4	926.8
Total	**700.0**	**770.5**	**245.2**	**226.5**	**1365.9**	**1469.9**	**231.1**	**259.1**	**7675.8**	**8646.1**
Grand Total	**1660.5**	**1690.3**	**1669.1**	**1593.7**	**3647.5**	**3759.8**	**1183.9**	**1275.6**	**26733.0**	**27959.9**

Note: 1. Large estts. refers to those employing 25 or more workers and Small estts. employing 10 to 24 workers.
2. The data on employment pertains to 31st of March 2000.

Source: Employment Review, DGE&T, Ministry of Labour, Government of India, New Delhi.
NHDR 2001 Page No.296-297.

(iii) In context of employment in private sector Maharashtra is leading the scenario followed by Gujarat and Rajasthan, while that is found reduced in Rajasthan.

Table – 5.61 is an illustrious example of the status of employment in respect of pre reforms and post reforms periods. The data presented in the table expresses the growth in employment in percentage per annum for male-female-persons and rural-urban and combined locations. In view of arriving at the level of disparity the table is strengthened by computing Max/Min ratio and C.V. Some major outcomes of the table can be exposed as under.

Max/Min ratio and C.V. for combined persons' employment indicates an increase, there by it reflects an increase in the level of disparity. The same is observed for rural and urban persons confirming the increase in the level of disparity. If

analysed further it is observed that both, Max/Min ratio and C.V. in rural males also reflects increased intensity if disparity. It is only the exception found in case of rural and urban female where the Max/Min ratio suggests declining trend, while C.V. expresses an increasing trend.

Table – 5.61

Growth in Employment - Rural, Urban, Combined

(Percent per annum)

States/ India	Location	1983 To 1993-94			1993-94 To 1999-2K		
		Male	Female	Persons	Male	Female	Persons
GUJ	**Rural**	2.0	1.2	1.7	1.8	2.4	2.0
	Urban	3.2	3.6	3.3	2.6	0.7	2.3
	Combined	2.4	1.6	2.1	2.1	2.2	2.1
MP	**Rural**	2.2	1.6	1.9	1.4	1.4	1.4
	Urban	3.2	3.7	3.3	3.5	2.3	3.3
	Combined	2.4	1.7	2.2	1.9	1.5	1.8
MAH	**Rural**	1.8	1.9	1.9	1.3	-0.2	0.6
	Urban	2.6	4.2	2.9	2.5	-0.5	1.9
	Combined	2.1	2.3	2.2	1.8	-0.2	1.0
RAJ	**Rural**	2.4	2.5	2.5	2.0	0.4	1.4
	Urban	3.1	1.6	2.8	2.8	0.8	2.4
	Combined	2.6	2.4	2.5	2.2	0.5	1.5
INDIA	**Rural**	2.0	1.5	1.8	1.6	0.8	1.3
	Urban	2.8	3.2	2.9	2.6	1.5	2.4
	Combined	2.2	1.7	2.1	1.9	0.9	1.6
Max/Min	**Rural**	1.33	2.08	1.47	1.54	-12.00	3.33
	Urban	1.23	2.63	1.18	1.40	-4.60	1.74
	Combined	1.24	1.50	1.19	1.22	-11.00	2.10
C.V.	**Rural**	12.30	30.43	17.32	20.33	114.31	42.55
	Urban	9.50	35.03	8.55	15.82	139.04	23.87
		8.68	20.41	7.70	9.13	106.14	29.32

Note : Growth in employment has been estimated as compound annual growth in the persons employed in the age group 15 years and above on the usual principal and subsidiary status.

Source : 1. The 38th, 50th and the 55th Rounds of the NSSO on Employment and Unemployment Situation in India.

2. Census of India, 1981 &1991 and Report of the Technical Group on Population Projections, RGI, 1996.

3. NHDR 2001 Page No.158-160.

Table – 5.62 is expressing the incidence of unemployment for rural, urban and combined categories in male, female and persons. The data presented in the table refers to the period of 1983, 1993-94, and 1999-2000 as percentage of labour force. Following trends are obtained from the table.

Table – 5.62

Incidence of Unemployment — Rural, Urban, Combined

(As a percentage of labour force)

States/ India	Location	1983			1993-94			1999-2000		
			Female	Persons	Male		Persons		Female	Persons
GUJ	**Rural**	0.6	0.2	0.4	1.2	0.3	0.9	0.6	0.0	0.3
	Urban	4.4	3.0	4.1	3.0	4.6	3.3	2.0	2.2	2.0
	Combine	1.8	0.6	1.4	1.8	1.1	1.6	1.1	0.3	0.8
MP	**Rural**	0.3	0.1	0.2	0.7	0.2	0.5	0.7	0.2	0.5
	Urban	3.2	1.1	2.8	5.3	3.9	5.0	4.1	1.5	3.6
	Combine	0.9	0.1	0.6	1.7	0.5	1.3	1.5	0.3	1.1
MAH	**Rural**	1.0	0.1	0.6	1.2	0.3	0.8	1.9	0.8	1.4
	Urban	5.3	3.7	5.0	4.2	4.7	4.3	5.5	6.3	5.7
	Combine	2.6	0.7	1.9	2.4	1.1	1.9	3.4	1.8	2.9
RAJ	**Rural**	0.4	0.1	0.3	0.5	0.1	0.3	0.6	0.2	0.4
	Urban	3.7	0.9	3.0	1.8	0.4	1.5	2.6	1.9	2.5
	Combine	1.1	0.2	0.8	0.8	0.2	0.5	1.1	0.3	0.8
INDIA	**Rural**	1.4	0.7	1.1	1.5	0.8	1.2	1.7	1.1	1.5
	Urban	5.0	5.2	5.1	4.1	6.6	4.6	4.5	5.9	4.8
	Combine	2.3	1.3	2.0	2.1	1.7	2.0	2.5	1.8	2.3
GAP	**Rural**	0.7	0.1	0.4	0.7	0.2	0.6	1.3	0.8	1.1
	Urban	2.1	2.8	2.2	3.5	4.3	3.5	3.5	4.8	3.7
	Combine	1.7	0.6	1.3	1.6	0.9	1.4	2.3	1.5	2.1
C.V.	**Rural**	53.84	40.00	45.54	39.54	42.55	44.06	66.85	115.47	77.94
	Urban	21.95	63.86	27.50	42.26	59.75	43.11	44.27	75.13	47.60
	Combine	48.14	73.60	50.29	39.41	62.07	45.44	61.95	111.11	72.14

Note : The incidence of unemployment is defined as the percentage of persons unemployed in the age group 15 years and above on the usual principal and subsidiary status to the total number of persons in the labour force.

Source : 1 The 38th, 50th and the 55th Rounds of the NSSO on Employment and Unemployment Situation in India.
NHDR 2001 Page No.161-163.

(i) For persons in rural, urban and combined categories there is an increase found over the period of time in respect of the gap found between the states.

(ii) For persons in rural, urban and combined categories the C.V. states in general an increase except in case of urban male in 1993-94. It therefore leads to analyse that unevenness in the incidence of unemployment tends to have increased over the period of time.

(iii) Coming to urban male, both, gap and C.V. indicates continuous increase, while that in case of rural male it is found stagnant between 1983-1994 and slightly increased in 1999-2000.

(iv) The incidence of unemployment in case of rural female indicates rising gap over the period of time and also increase in C.V. over the period over the time. The same is found true in case of urban female, both, in the measurement of gap and C.V. with little exception in C.V. of 1993-94.

Table – 5.63 throws light on the actual plan outlay for different sectors in different years in the sample states and India. The period covered under the table is 1981-82, 1991-92 and 1997-98.

Table - 5.63

Sectoral Composition of Actual Plan Expenditure

(In Percentage)

States/ India	Agri. & Irrigation			Rural & Social sector			Social Sector			Infrastructure		
	81-82	91-92	97-98	81-82	91-92	97-98	81-82	91-92	97-98	81-82	91-92	97-98
GUJ	32.1	34.5	41.1	26.3	25.0	31.2	17.2	19.2	23.0	41.5	40.5	27.7
MP	33.0	30.0	26.3	20.0	31.2	47.3	13.8	21.9	32.7	47.0	39.0	26.4
MAH	25.9	24.3	26.0	30.2	37.7	38.9	25.7	20.1	20.7	43.9	38.0	35.1
RAJ	27.6	26.8	21.6	24.5	32.7	34.2	17.2	23.3	24.2	48.0	39.0	44.2
INDIA	7.2	5.3	3.6	15.4	21.8	23.4	8.8	12.5	14.8	77.4	72.9	73
C.V.	11.57	15.23	29.57	16.67	16.52	18.55	27.52	8.69	20.92	6.55	2.62	24.53

Notes :
1. Actual Plan Expenditure by major heads of development has been clubbed as per the following details.
Agriculture & Irrigation: Agriculture & Allied Activities and Irrigation & Flood Control.
Rural & Social Sector: Rural Development, Special Areas Programmes., General & Economic Services & Social Sector.
Social Sector: Education, Health, Water Supply & Sanitation,Urban Development., Information, Welfare and Labour.
Infrastructure: Energy, Industry & Minerals, Transport, Communication, Science, Technology and Environment.
2. Data for 1981-82 is an average of 1980-82, 1991-92 an average of 1990-93 and 1997-98 an average of 1996-98.

Source : 1. Various Plan Documents, Planning Commission, Government of India.
2. NHDR 2001 Page No.287.

Looking to the outlay in percentage in relation to India it is observed that except for infrastructure sector in all other sectors being the direct states' subjects the percentage expenditure is found more. The C.V. states that in all the four sectors specified in the table it has increased between 1991-92 and 1997-98, which in the earlier period indicates declining.

Table – 5.64 examines some critical ratios of public spending in the year 1981, 1991, and 1999. The entire table is summarised in the form of C.V. Important trends available from the table are as under.

Table - 5.64

Composition of Public Spending —Some Critical Ratios

(Percentage)

States/ India		Public Expn. Ratio	Develop-ment Expn. Ratio	Social Sector Expn. Ratio	Edu. Ratio	Health Ratio	Amenities Ratio	Other Social Expn. Ratio
GUJ	**1981**	19.42	71.61	28.79	12.55	6.08	2.17	7.99
	1991	19.54	74.36	31.4	16.74	5.82	3.74	5.1
	1999	18.76	71.5	31.2	16.38	5.41	5.32	4.09
MP	**1981**	20.41	77.42	24.84	10.82	7.59	0.85	5.58
	1991	19.36	71.01	34.03	16.34	5.02	4.41	8.26
	1999	17.6	64.61	36.61	16.36	5.8	4.32	10.14
MAH	**1981**	15.71	72.06	26.88	14.63	6.53	1.07	4.65
	1991	16.72	71.78	30.33	16.15	5.13	4.25	4.8
	1999	12.09	61.56	32.89	17.67	4.84	4.86	5.52
RAJ	**1981**	24.15	68.05	28.85	13.07	10.21	1.01	4.56
	1991	22.83	64.88	34.47	17.55	5.76	6.39	4.78
	1999	21.81	63.83	39.12	19.53	6.42	10.18	2.99
STATES	**1981**	—	70.42	29.12	13.89	7.1	1.14	7
	1991	—	69.57	32.89	17.36	5.88	3.86	5.79
	1999	—	61.76	33.07	17.39	5.78	4.53	5.38
INDIA	**1981**	14.8	54.7	5.3	2.7	1.4	0.4	0.8
	1991	17.7	48.1	6.4	3.5	1.5	0.4	1
	1999	13.7	34.9	8.2	3.9	1.8	1	1.4
C.V.	**1981**	17.41	5.35	6.95	12.30	24.33	47.36	28.06
	1991	12.76	5.70	6.18	3.72	7.66	24.78	29.46
	1999	23.11	6.55	10.24	8.55	11.83	43.83	55.33

Note: 1. Public Expenditure in this table includes debt service and repayments of loans of the State Governments.

2. Public Expenditure Ratio is total public expenditure as a proportion of Gross State Domestic Product.

3. Total development expenditure (including social services and economic services); Social Sector expenditure (including expenditure on education, health, amenities i.e. water supply & sanitation, housing and urban development) and other Social services (including welfare of SC, ST & OBC; social security and welfare etc.) have been expressed as a ratio of total public expenditure.

4. For the Central Government, the ratios have been expressed as proportion of GDP and Central Government Expenditure net of loans and advances to States.

Source: 1. State Finances—A Study of Budgets, 2000-2001, RBI, December 2000.

2. Union Budget Documents for data for the Central Government.

The C.V. in case of public expenditure ratio shows downward trend during the pre reforms period, which in turn has moved up during the reforms period. C.V. in respect of development expenditure ratio reflects increasing trends in pre reforms and post reforms both. A look at social expenditure suggests lowering of C.V. in the pre reforms and higher during post reforms. This same kind of trend is

exhibited in case of educational expenditure, health expenditure, and amenities expenditure ratios. Other social expenditure ratio in terms of its C.V. suggests continuous increase in the trend and comparatively much higher during the reforms period. Therefore, it can be stated that the level of disparity between the states in context of development expenditure ratio and other social expenditure ratio have increased over the period of time, while in the remaining sectors the level of disparity is found to have decreased in the pre reforms period and increased in the post reforms period.

5.2 Factors Influencing Disparity

Regional disparity has attained greater significance right from the process of development. As discussed in the introductory part to this work, it is a common phenomenon. It is found at global level between the nations and at national level between the states. It is actually the outcomes of various processes, which simultaneously take place. These forces have combined impact on the level and pattern of growth of the states. Therefore, it would be appropriate to state that disparity is not the result of single isolated factor. Presence or absence of different factors in more or less degree is related with level of disparity. Disparity has its linkages with historical background, geographical location, climatic variations, resource endowment, physical infrastructure, human resource planning, technological progress and more importantly the level and nature of social mobilisation.

It is true that the intensity of disparity is by and large found more in less developed regions in comparison with the developed regions. It is in general a proven fact that economic indicators are largely found to be concentrate more in the prosperous region as a result of which the same regions get more prospered. While in reverse to it in less developed regions the indicators do not show much effective presence on the growth there by limiting the scope for further development. It is in this context that Nobel scholar like Gunnar Myrdal has stated that, "*India is poor, because she is poor*". Rugnar Nurkes in a different way

puts the whole theorem of development in relation to capital formation. In his classic work on “The Problems of Capital Formation in Underdeveloped Countries”, he has tried to identify the concept of “Vicious Circle of Poverty”.

Having this background at the mind while examining the trend of economic and social development amongst the four sample states in relation to India following can be highlighted as the responsible one for influencing the regional disparities.

5.2.1 Historical Background

Historically all the four states being studied have different dimensions. These have influenced and are influencing to the extent the process of development in the concerned states. A state like Rajasthan is found to have the worst kind of feudalistic, economic, political, social and cultural structure. Absence of visionary traditions and inadequacy in that regard has invariably influenced negatively to some extent to the development process of Rajasthan. It is the traditional grid of entrepreneurs being found in the state of Gujarat, which has worked as a strong force for the business development of the state. Gujarati entrepreneurs are one of the most dominant groups having laid a sound mercantile foundation in the capital of India like Mumbai. Under the reforms process again that element has come into lime light.

5.2.2 Geographical Location

Having a look at these four states it is found that a state like Madhya Pradesh does not have a single geographical entity. It is the only state amongst the major states of India having wide diverse river system, which plays crucial role in shaping development of the state. Maharashtra does have remarkable physical homogeneity. It is because of the soil, topography and climate that in Maharashtra relatively a crop pattern of low valued crops is observed. And it is the geophysical and climatic variations, which has its influence in the development of Rajasthan.

5.2.3 Physical Climate

Though in aggregate the physical climate does not vary between these states in greater proportion, however, because of geographical and varied temperature that a certain part of Maharashtra is known for the rain shadow area, where rainfall is found relatively less and it is because of less humidity and higher degree of temperature in general has led to relatively less rainfall in Rajasthan. Climatically the entire Madhya Pradesh is not conducive to the rapid growth of the state. There prevails relatively larger rate of differentiations between the four states. This has its direct impact on the speedier growth of infrastructure, labour productivity, and availability of inputs.

5.2.4 Natural Resource Endowment

It is true that all the four states covered under the study do have sizable of natural resource endowment of varied nature. Gujarat is having an edge over other states as long as mineral source like lignite is concerned. Madhya Pradesh is endowed with rich and varied mineral and forest resources, but failure in effective utilisation has been a subject of concern in respect of development. In comparison with the other states Rajasthan is found shining little more in context of the exploitation of mineral wealth. However, variations at large between the states have significantly influenced more to the growth of the states like Rajasthan and Madhya Pradesh. States with small resources have had to limit their development to a scale, which was all together insufficient. On the other the states, which could mobilise more of the resources, were free to undertake development on a much bigger plan.

5.2.5 Demographic Factors

The present study find in continuity with the earlier studies positive relationship in between the poverty and the size and population of the

states. The present demographic imbalance of these states is the result of a long historical process of the concentration of population on the rich and fertile regions. The states like Maharashtra and Gujarat go on growing more in terms of urbanisation generating relatively much better scope for employment opportunities and there by influencing the process of growth. Occupational distribution of workforce and sex bias have also plaid the role to their might. It is the decadal growth, which has its direct impact on the total of the population. Population pressure and particularly pressure of less qualitative population has to the extent affected negatively to the process of development in the states like Madhya Pradesh and Rajasthan. However, from the time period the decadal growth variation is a matter of serious concern for the state like Gujarat. Though in aggregate the state is well placed amongst the four states as per census 2001, but the decadal growth variation over the previous decade is found to have an increase, amounting to other socio-economic issue.

5.2.6 Sectoral Linkages

Having examined the sectoral share in the domestic product, again there is a divide between Gujarat-Maharashtra and Madhya Pradesh-Rajasthan. Though in aggregate primary sector indicates continuous decline in its total share to GSDP, the fact is that Gujarat and Maharashtra have considerable edge over these two states in respect of the pattern of sectoral development. Though in all these four states incidence of workforce is found more in primary sector in comparison with the other sectors, the states like Gujarat and Maharashtra is found to be more progressive in respect of employment generation in industries. If the sectoral share examined in decomposition again the service sector dominates more in the developed states unlike the states like Rajasthan and Maharashtra.

5.2.7 Government Policy

Government policy has become a subject of concern especially in the last decade. With the process of globalisation the federal structure of Indian economy is experiencing dramatic change. The states are now given more autonomy as long as the process of development is concerned. Unlike during the pre reforms period the state does not play all pervasive roles. This role is redefined under the waves of liberalisation. It is in this regard that opening of the economy in the states and the distribution has attained greater significance. Though it is not evidently proved in the case of these four states the kuznets' prediction regarding increasing inequality in the initial stage and moderate one in the later stage. However, it is sufficiently found that more progressive and open states like Gujarat and Maharashtra have their dominance over the two states in respect of economic indicators. More opening of economy in Gujarat and Maharashtra have added the scope of physical development, which is not equally found in the case of Madhya Pradesh and Rajasthan. It is because of the political will of the opening up of the economy in various states, which has largely invited the individual and industrial foreign investors to have their investment in such states.

Second important dimension regarding policy measures under the reforms is about fiscal approach of the states. It is clearly found that the sizable cut in the government expenditure has invariably affected badly to the employment opportunities in the various states. Therefore, it is observed that the incidence of unemployment specially in urban sector is found in more gravity in the states like Gujarat and Maharashtra, unlike the states like Madhya Pradesh and Rajasthan. On one hand if employment level is increased in Maharashtra, equally true is the fact that in the 2000 both rural and urban incidence of unemployment is found more in Maharashtra in comparison with the other three states of the study. Sectoral composition of plane expenditure does not indicate an increase in the trend proportion in all

the four states, but again it is found more proportionately in the states like Gujarat and Madhya Pradesh and Rajasthan policy initiatives and initiatives under reforms have also led to economic distortions in the growth process. The states having dominance of SSI are hit more than the states having more corporate industrial structure. Taxation, subsidisation is also found in varied proportion amongst the states. It is these variations, which influence a great to the level of concentration of industries in the states like Maharashtra. Special policy measures adopted and followed as a part of promoting the development process of the backward regions has also resulted into some special bias for the states like Madhya Pradesh and Rajasthan.

5.2.8 Infrastructure

Economic and social infrastructure is found to have its varied implications over the development process of the states. One important element in respect of infrastructural provisioning is found in the form of plan expenditure for infrastructure. The state like Rajasthan has spent more in percentage during the 8^{th} plan period as against the previous decade. While this spending is found less in the remaining three states. Banking facilities have expanded very high in the states like Maharashtra and Gujarat, unlike the states like Rajasthan and Madhya Pradesh. Maharashtra does have exceptional percentage share in credit and per capita credit is found grown exceptionally more in the states like Maharashtra and Gujarat. Similarly, electrification particularly electricity consumption is found continuously growing in Gujarat, which is not found that much growing in the other states. Infrastructural variations do influence the scale of domestic and foreign investment. It is clearly found that because of sound infrastructural network that the states like Maharashtra and Gujarat enjoy greater stake in investment in relation to other two states. Development of social sector particularly education and health have profound impact on the aggregate status of development. It is

in this regard that the expenditure for social sector by government and inducement to private participation is found quite uneven between the states. Even with sizable growth in demographic character Rajasthan and Madhya Pradesh have done excessively good in respect of the literacy drive in case of which Gujarat is found to have loosing her contribution. It is the literacy, which in turn tends to be a sound base for the healthier future development of the state. Literacy rate and public vision is having more positive correlation effects, which also works either as stimulant to the growth or retarding to the growth. Here male-female gap and rural-urban gap provides a distinct picture of distortion in the economy.

5.2.9 Socio-Cultural mobilisation

Development in its true perspectives is having strong linkages with socio-cultural norms and values much depends on the socio-cultural mobilisation of the state. It is precisely reflected in the form of dynamism of the people to accept and get adaptable to the changes. It is here that a state like Madhya Pradesh and Rajasthan is comparatively lagging behind to the states like Gujarat and Maharashtra. Madhya Pradesh is having relatively thick population of tribal people. Rajasthan and Madhya Pradesh do have relatively sizable proportion of scheduled cast people. Less literate this people are found to be more resistant to the changes. Under the waves of globalisation and liberalisation when the economy at large is undergoing drastic changing institutional dynamism is much more required. Conservatism in the political ideology and strengthened it by typical traditional mindset of the people does not provide more room for changes and accordingly the fruits of such changes cannot be ripped in such economies. It is identified as the “cultural lag”, which in itself generates sizable disparity. Ultimately development comes from within not above. Globally or nationally it is the essence of democratic set up.

CHAPTER -6

CHAPTER – 6

THE CONCLUSIONS

The research study based on secondary data has provided multidimensional pictures of the states in context of different time periods. Analytical description for the tables presented in the previous chapter is made there upon. It included different economic and social indicators. In follow through an attempt is made to examine the factoral impact on the levels of disparity. That part is relatively strengthened with illustration pertaining to the factors. The entire previous chapter provides some key characteristics in respect of behavioural pattern of development of various states. This in general forms a sound base for conclusions. The concluding part of the research work is divided into three segments. The first part of the conclusions is an attempt to have observations examining the hypothesis. The second part of conclusions provides in aggregate the scenario of the states reflecting an aggregate disparity. The third part of the conclusion refers to an account of remedial actions being undertaken to reduce the regional imbalances.

6.1 Comments on Hypothesis

6.1.1 Analytical description to the tables presented in previous chapter has laid a sound foundation to examine the level of disparity that prevails between the states. Having a look at different tables pertaining to demographic, agricultural, industrial, infrastructural, social sector, employment, poverty and public expenditure, it is revealed that disparity in general tends to have an increase between the states. Though, in certain sections the states under the study have indicated an improvement in the performance in context of the back period. The fact can be highlighted two ways. In aggregate the sound states have been able to consolidate their position more in comparison with the less developed states. Examined through several tools, it leads clearly to conclude that in case of positive

performance the degree of improvement is having direct relationship with the aggregate level of development of the states. There are sharp fluctuations found in respect of balanced growth of the states. But, the rates of fluctuations have not in aggregate resulted in to reducing level of disparity. Income indicators, industrial performance, sectoral linkages, and infrastructural amenities directly refer to the fact that to a certain level in certain areas the disparity is widened. However, a general impression that under reforms “rich have become richer and poor have become poorer” is not found in conformity with the general tendency of the development that is found between the states. Therefore, the first hypothesis is found by and large true but reference to these states only and with some exceptions.

6.1.2 As long as the process of reforms is concerned the debatable issue, which forms the part of the hypothesis is regarding the differentiations in the level of disparity in respect of economic indicators of development and human development. The tables depicting the share of the states in the domestic product, per capita NSDP, and on the other hand literacy rate, birth rate, IMR has proved that there is an element of substantial disparity in respect of these two broad indicators of development. In general it is true that Gujarat and Maharashtra leads the scenario in respect of certain development indicators. These two states are leading states from the domestic product point of view. However, the same is not found true in respect of the incidence of unemployment. Here, the performance of Maharashtra and to a certain extent Gujarat is less satisfactory in comparison with the states like Rajasthan and Madhya Pradesh. In the last decade Madhya Pradesh and Rajasthan has performed much better in respect of literacy drive then the two formidable states. This in aggregate is in conformity with the observation of some earlier studies at national level. It is also proved in respect of the coefficient of variations, which clearly indicates an increase in the trend during the reforms period in all states referring to sectoral composition of actual plan outlay. The

states like Rajasthan and Madhya Pradesh indicates relative increase in education and health expenditure more in comparison with the states like Gujarat and Maharashtra. Thus, it is proved that the growth in economic development does not necessarily lead to the growth in aggregate human development in all the states in equal proportion.

6.1.3 The another issue that has emerged in relation to the process of reforms is regarding the movement towards liberalisation and its impact on the level of disparity. Here, looking at the fact presented through the tables it is found that more liberal states have been able to consolidate their position at relatively higher rate in comparison with the states which are resistant to the changes. The trends and analysis that of in respect of the major indicators of development do support the global and national level major research work. *The better off states like Gujarat and Maharashtra are found more attractive for private investment, both domestic and foreign and there by improving their development potentials*. It is especially due to liberal investment climate inclusive of better socio-economic infrastructure that they are found in much better position in aggregate development in comparison with the states like Madhya Pradesh and Rajasthan. *However, the common characteristics that under the reforms process strengthening of market forces coupled with globalisation has favoured the forward states and neglected the backward states, is not found absolute correct in this study*. Therefore, the hypothesis of positive relationship between liberalisation of economy and magnitude of disparity does not hold absolute true.

6.1.4 The rate of progress that has been visualised from the tables provide relatively distinct picture as long as the disparity is concerned. It is true that the state like Gujarat and Maharashtra has sown much progress in respect of GSDP and NSDP. However, the share of states in India's NSDP, though it is found higher in case of Maharashtra and Gujarat that share is found declining in both the states during the period of reforms.

But in case of Rajasthan in comparison with the beginning of reforms period there is an element of improvement. The variation in the sectoral share does indicate common trend of downfall of agriculture, but the first decade of reforms does indicate an increasing share of services in the states like Madhya Pradesh and Rajasthan in comparison with Gujarat. Rajasthan is having an edge over Gujarat even in industries. There is not much variation found between the states except Madhya Pradesh even in case of intensity of irrigation. There is more increase of the states share in irrigation in respect of the net irrigated area in Madhya Pradesh and Rajasthan in comparison with Gujarat and Maharashtra. The rate of implementation for IEMs also suggests that Rajasthan and Madhya Pradesh have shown better trends. However, infrastructural indicators like electrification, roads, telecommunication, banking refers to much better position of Gujarat and Maharashtra in comparison with Madhya Pradesh and Rajasthan. *Thus, to state that Gujarat and Maharashtra is found more progressive does not hold true in all respect. On the contrary in case of crucial indicators like sex ratio and literacy Madhya Pradesh and Rajasthan are found to be more dynamic than the states like Gujarat and Maharashtra*.

6.2 Disparity at Glance

An attempt is made to summarise the tabulation analysis, which is presented in the preceding chapter. From amongst the different variables some 25 have been chosen for the ranking of the states on the basis of their performance. Ranking is determined in consideration of nationally accepted norms. Accordingly the performance is evaluated and states are ranked. Better the performance higher is the rank. Ranks of relative state are summed to get total score of the state. This total score is then averaged to determine the consolidated ranking of the state. In order to have a look at the consequential impact of reforms the ranking is determined for the two specific periods i.e. beginning period of 1990s and ending period of 1990s. *These total scores, its average, and aggregate ranks of*

Table - 6.1

Consolidated Ranking of The Sample States

(B = Beginning E = End)

Indicators	1990s	GUJ	MP	MAH	RAJ
Share of state in Country's Pppulation	B	4	2	1	3
	E	4	2	1	3
Decadal Growth of Population	B	1	3	2	4
	E	1	3	2	4
Density of Population	B	2	3	1	4
	E	2	3	1	4
Sex Ratio	B	3	2	1	4
	E	4	1	2	3
Rate of Urbanisation	B	2	3	1	4
	E	2	3	1	4
Average Compound Growth Rate of GSDP	B	3	4	2	1
	E	1	4	2	3
States Share in Total NSDP of India	B	2	3	1	4
	E	2	4	1	3
Average Compound Growth Rate of Per Capita NSDP	B	3	4	2	1
	E	1	4	2	3
Yield of Food Grains	B	1	2	4	3
	E	1	1	3	2
Irrigation Intensity	B	3	4	1	2
	E	2	4	1	3
Per Capita Value Added	B	2	3	1	4
	E	1	3	2	4
Employment in Factories	B	2	3	1	4
	E	2	3	1	4
Road Length per '00 Km^2	B	2	4	1	3
	E	2	3	1	4
Electricity Consumption	B	1	3	2	4
	E	1	3	2	4
DELs	B	1	3	2	4
	E	2	4	1	3
CD Ratio	B	3	2	1	4
	E	4	3	1	1
Literacy Rate	B	2	3	1	4
	E	2	3	1	4
Rural-Urban GAP in Literacy	B	1	3	2	4
	E	2	4	1	3
Birth Rate	B	2	3	1	4
	E	2	3	1	4
Death Rate	B	2	4	1	3
	E	2	4	1	3
IMR	B	2	4	1	3
	E	2	4	1	3
Life Expectancy	B	2	4	1	3
	E	2	4	1	3
Safe Water	B	1	4	2	3
	E	2	4	1	3
Poverty	B	1	4	3	2
	E	1	4	3	2
Incidence of Unemployment	B	3	2	4	1
	E	1	2	3	1
Total Score	B	51	79	40	80
	E	48	80	37	78
Average of Total Score	B	2.04	3.16	1.60	3.20
	E	1.92	3.20	1.48	3.12
Consolidated Rank of the State	**B**	**2**	**3**	**1**	**4**
	E	**2**	**4**	**1**	**3**

both the periods virtually throw light on the improvement in aggregate made by the states during the period of reforms.

It is found from the consolidated ranking that the progress in general of the four states do not reveal greater change as long as the ranking is concerned. In the beginning of the reforms period and in the end of 1990s there is not much difference or change in ranking of the states. Maharashtra and Gujarat has maintained the ranks, while there is a change in the end of 1990s in the ranking of Madhya Pradesh and Rajasthan. There is found an interchange on the ranking between these two states.

It is important to note that though ranking order is nor changed the gap that is found between Gujarat and Maharashtra is much wider in comparison with the gap that is found between Madhya Pradesh and Rajasthan. There is 11 score point difference in both the periods between the former two states, while it is only of 2 points difference between the later two states.

However, the most striking feature reflected on the basis of total score is that the gap between first rank and forth rank state is found equivalent to the total score of first rank state in the beginning of reforms and in the end of 1990s this gap is found more than the total score of first rank state. In other words during the period of reforms there is an improvement in the performance of the states, but that level of improvement is found more in the developed states like Maharashtra and Gujarat as against what it is found in Madhya Pradesh and Rajasthan.

If the ranking is assessed in terms of the growth over performance, there has been clear indication of much better performance of the so-called poor states like Madhya Pradesh and Rajasthan, though these two states are popularly put in the category of “BIMARU” states. *The position of Madhya Pradesh and Rajasthan especially in respect of the incidence of unemployment, literacy drive, sex ratio is found more progressive in comparison with the states otherwise known as the developed one like Gujarat and Maharashtra*.

This performance evaluation does express the trends nearly similar to that has been found in the study of Dr. P. R. Brahmanand. Evaluating the performance of Indian economy of the first fifty years, he had also found the ranking almost the same. However, the gap that is reflected in Table – 6.1 especially between Gujarat and Maharashtra is found more in comparison with the study of Dr. Brahmanand. Thus in aggregate *it is sufficiently proved that the less developed regions have not been able to manage the distributional impacts under the planned efforts especially in comparison with the developed regions*.

6.3 Impact of Disparity on Political, Economical and Social stability

The entire discussion that is made in the preceding section tends to reveal the fact that the ongoing process of new economic order is going to have its multidimensional impacts on the profiles of the states. The trend indicates that in the coming days the intensity of disparity is likely to widened and deepened. This short of unevenness invariably influences the political currents of the states. It is found that political stability may be challenged on account of the disgust and unrest that is visualised amongst the vulnerable groups of the different regions. *Though there is no strong evidential proof of the positive relationship between the economic and social progress with the electorates psychology. However, no denying the fact is that the political managers or entrepreneurs will have to be more conscious of the policy results in respect of consolidating one's strength*. Last assembly elections of Madhya Pradesh and Rajasthan partially confirm the influence of the policy measures on the political stability. In all case, at all times, this may not hold true but at the same time the growing awareness and maturity of the people – particularly of the rural mass – is likely to be reflected as and when political opportunities emerges.

Another important area of concern is the social sustainability in relation to balanced regional equality. Once social sector gets highlighted it is going to have its implications on the public life. In the well developed regions even rural-social structure is getting transformed more in proportion and quicker in time. This may

not be observed in relatively backward states. Institutional rigidities may affect the absorption capacity of the policy measures. Accordingly such groups may tend to lag far behind with others. This short of cultural lag in turn would further aggravate the situation retarding the growth process. It is because of this that in spite of peripheral states Madhya Pradesh and Rajasthan move very slowly in comparison with Gujarat and Maharashtra. Social sustainability of the tribal people may have its own problems in relation to the impacts of the reforms process. *Though it has not been checked and analysed, the overall scenario tends to express more concern over the gender related development index. An improvement in the sex bias alone may not necessarily lead to aggregate empowerment of the female. Madhya Pradesh and Rajasthan are illustrious examples to this fact*.

Sectoral linkages and particularly income-employment elasticity in context of structural changes may also be affected. The poorer states do find slow and low rate of sectoral shift as against the rich states. Apparent unemployment may be found less in agriculture oriented states, but the marginal productivity may not be sound in such states. The developed states get the benefits of technological changes more and quick. As a result of which labour productivity may be influenced accordingly. Therefore the nature of disparity within the state and between the states is going to have its aggregate impact on the economic stability of the regions. *This may lead to some innovations in public life. The process of decentralisation that has largely taken place during the last decade more importantly Madhya Pradesh and to a little extent in Rajasthan provide a good lesson, which even the developed societies may have to learn*.

Thus, the economic and social integration or the integrated development efforts are expected to contain a dynamic visionary approach, which is centred around the social mobilisation to cherish the fruits of development on more equal footing.

6.4 Policy Initiatives – An Overview

Economists and policy makers are by and large divided in to two groups. One is the group of liberal economists. This group strongly advocates for market oriented economy. It is their contention that quicker and higher growth will have its percolation impacts at the grass root level and accordingly regional integrity and equality would be maintained. Quite opposite to this, there is a group persisting more for the state's direct and dominant role in order to have more harmonious social and economic growth. Their submission is that markets could be the best solution but only for efficiency, not for equality.

Coming to India it can be said that disparity was there even under colonial rule, after independence and it still prevails under the post reforms period. *One of the serious criticisms levelled against the approach of planned development was that it was inadequately conceived. The role of planning was found limited to allocation of investment over sectors and sub sectors and failed to involve a comprehensive and effective plan for the spatial development despite of its recognition of existence of such inequalities*.

As a matter of fact, it is really difficult to assess that to which extent inter and intra regional dispersal of development had been due to policy inducement and due to spontaneous forces of the market. Inter state disparities found in India in 1960s, 1970s, and 1980s were not the outcome of the similar factors or forces. In the beginning of the period of the green revolution, there arose a very contradictory picture in the states like Punjab, Haryana and Western UP in relation to other states. To talk about these particular four states, the same is found, though to a laser extent. *The problems of inter state disparities in India is qualitatively different from that in the developed federations. Even in respect of Indian Union we find unity in diversity. There is homogeneity and heterogeneity of the culture between the states and within the states*. The size of less developed areas is much bigger. The financial capacity of central government and the better off states is limited. The state governments are not responsible

only for the social services. They are also responsible for economic activities in agriculture, irrigation, power, industries, roads, transport and so on. Thus, on one hand the fiscal needs of backward areas are greater and on the other, the fiscal capacity to deal with the situation is much smaller. Therefore, situations have to be found in accordance with the peculiarities of the states. In achieving the objective of reducing disparities in development, it is not only the financial flows that determine the growth, side by side the social, economic, political and administrative environment too have their role to play. In the absence of desirable environment, the absorption capacity of the financial flows from outside will be less. *Agriculture and industrial sector when taken apart as policy measures have yielded mixed outcomes. Special institutional efforts in the form of establishment of Agricultural Price Commission (APC), Food Corporation of India (FCI), and Warehousing Corporation of India and some others pawed the way for erecting a sound base for green revolution*. This had its positive impacts, but restricted to some areas and some crops only. Even the so-called public distribution system could not result into well-balanced agricultural growth of the states. Today, in general the economy experiences the near to collapse situation, as long as food security is concerned. Our policy approach needs to be changed in this regard. In respect of the four states the off take scenario under PDS is a matter of concern more in the states like Rajasthan and Madhya Pradesh. The role of PDS as a poverty alleviation measure is a subject of likely change considering the poor performance in this regard. *In aggregate the situation in this respect of PDS demands total rethinking. Land reforms is equally important area in case of which again the disparity is much widened. On one hand agriculture is being state subject we find sharp fluctuations in the policy measures*.

The industrial policy has also substantially aggravated the situation of the states. Because of direct government interventions the whole cycle of economic growth is distorted. The base for the development in respect of industries is found having uneven spread and of restrictive nature. *The new economic policies which emerged after 1991 also brought forth some issues on for the traditional outlook of the entrepreneurs, limited vision of the workforce, lake of strong political will*

have worked as major obstacles in respect of promotion and development of backward areas. Government efforts in the form of setting up of *Pandey Committee* and *Vanchhu Committee* and in follow through application of the recommendations did also not materialised into the positive gains for the backward regions.

Coming to central-state financial relations it is evidently found that the system as policy adopted by Finance Commission has also not resulted into appropriate outcome. *Some basic changes in the distribution formula of Finance Commission brought forth significant changes in the percentage share of different states*. As per the award of 11th Finance Commission from amongst four states of study only Madhya Pradesh was gainer, while the remaining three states felt into the category of looser states. As facts stand out clearly, two major and prosperous states of India like Gujarat and Maharashtra stand to loose much big amount.

One strong argument is put forward of more autonomy of the states. It is hypothesised that the state autonomy promotes rapid economic growth, this itself is a questionable one. *The experience states that there is no positive correlation between the state autonomy and the rapid development of the states. In case of all these four states it is again a matter of serious attention of increasing dependability of the states on center*.

The policy initiatives that is adopted by the developed market economies and centrally planned countries of spatial redistribution of settlements and activities along with legal prohibitions, financial disincentives, subsidy, and tax allowances have also yielded mixed outcome. *Therefore, to suggest for or to depend on a particular approach as a model one cannot work as effective solution. It is common experience of different states in general and four states in particular regarding the absence of effective local leadership. It is truly observed that unless the local leadership – political, bureaucratic and intellectual – resolved to usher in development based on sharing the gains on egalitarian bases with the masses, results will be hard to come by. Looking to the states the fact is that*

resources are not the real constraints. It is the way resources are spent. Even in the backward states large sums are spent on education and healthcare, but the net impact is found limited. Several studies in this regard have observed that the less intensity of impact is because of lake of accountability on the part of teachers and medical personals. They are found least dynamic positive in this respect. Unless the kind of work culture in public services changes, funds alone will not solve the problems.

Presently, the concept of development has attached significance more on the ground of sustainable human development. Therefore, health, education, safe drinking water, and sanitation are given top importance. It is found in this regard that states like Madhya Pradesh and Rajasthan apart from some other states are lagging far behind in providing these facilities. *It is in this regard that the idea of privatisation is sought for. Privatisation of these services has put the vulnerable groups in to mere distress. World bank report of 1997 and lastly in 2004, a special report on making services work for the poor people, it is clearly expressed that inefficiency in delivery of services does not mean withdrawal of the state from these sectors*. Disparity is common characteristic irrespective of the development of the states. Experiences of public intervention are not the same at all places and in all cases.

6.5 Suggestions

There is need to be conscious for intervention. Where to intervene? How to intervene? And when to intervene? – must be carefully checked. *If all pervasive role of the state is not the solution to bridge the gap, equally true and important is the fact that total withdrawal of the state also aggravates the situation. Therefore, the state should evolve a policy with comprehensive package focused at reducing the level of poverty by increasing employment opportunities and there by strengthening the purchasing power of rural economy*.

The suggested policy package refers to an increase of public investment in agriculture and infrastructure, technological applications in agriculture,

diversification of industries and expanding the base of tertiary sector. NABARD has initiated in this regard with a separate provisioning for rural infrastructure under rural infrastructure development fund to restrict the size of the city. The flow of immigrants needs to be stabilised. *This could be positive only if rural economy gets strengthen by way of promotion for rural entrepreneurship*. It is a separate perspective. Disparity can be checked or minimised when the operational measures are adopted with deep considerations. To enhance the capabilities of the poor and deprived masses a distinct approach is called for.

Currently, the most debatable issue in respect of the regional development policies and sustainable livelihood is to bring the vulnerable groups in to the main stream of development. If it is appropriately followed the result cold be unimaginative. *If decentralised efforts succeed in generating social mobilisation the gateway to the balanced development will be opened. Participatory approach to the development initiatives more in case of natural resource management and social development has provided a great room for innovations in approaches to the balanced regional growth*. It has also busted the moral of the activists in this regard. The miraculous achievement in the form of abnormal rise in the literacy drive campaign in the states of Madhya Pradesh and Rajasthan in the last decade is more the outcome of non-governmental institutional intervention rather than the traditional bureaucratic approach. Similarly, social mobilisation in the form of Pani Panchayat in Maharashtra and Special Underground Water Management Projects inspired and motivated by the so-called innovative approach of the Religious Workers, has resulted in to a strong force to sustain the resources and there by to achieve higher levels of growth. To some extents there is found active presence of dynamic workers at the regional level having erecting a base for balanced development. *There are all opportunities and possibilities for the dominance of the civil societies to spearhead the promotional activities yielding positive income*. Disparities may be in the form of technological applications, institutional interventions, human resource planning etc. can be reduced to a greater extent if multidisciplinary and multi dimensional approach is adopted. *It is not merely the formation of the new states, devolution of the*

financial power or setting up of separate boards, which will lead to reducing the rural-urban gaps, more importantly it should be the strong political will enormously supported by the peoples initiatives which can turn the table as long as the level and nature of disparity is concerned. Let there be coordination at various agency levels to canalise all their energies and efficiency to make the weaker section of society conversed for their legitimate say in the process of development. It is true even today as long as the improvement of rural living standard is concerned that till and until such poor mass is not united and not strongly resisting against the pro rich planned approach. Their plight is never to come to an end. *Terrorism of any kind at any level is virtually the manifestation of discontent emerging out of the disparity. Thus, let there be economic development through societal forces, by political approaches should take place to make all the states empowered to cope up with any situation at any time*.

6.6 Further Scope

The present study is a modest attempt to examine and evaluate the magnitude and form of disparity that prevails in the neighbouring states of Gujarat in relation to India. There is a detailed exposition of selected variables. However, this in itself is not a perfect and fully comprehensive study. This study leads to some major issues, which can be examined further both quantitatively and qualitatively. The disparity between all the states of the country is of crucial importance. Study of disparity in regional dimensions that is West, North, East and South also holds greater significance. The nature of disparity at micro level is another area of investigation. From the technical structure point of view an absolute econometric analysis may substantially provide a room for further research in area.

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